

Quarterly Report

Q4 2022

proximus

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- Proximus Group Q4 underlying revenue +8.1% YoY, underlying EBITDA +1.4% YoY.
- Domestic revenue +2.1% to EUR 1,155 million in Q4, underlying Domestic EBITDA +1.8%.
- Fiber strategy scaling: >21% population coverage and 252,000 activated Fiber lines end-December 2022.
- Q4 delivered continued commercial traction for Mobile Postpaid (+43,000), Internet (+9,000) and convergence (+13,000), and contained net TV customer loss (-9,000).
- International segments Telesign and BICS posted record revenue growth in Q4 of +61.5% and +20.4% respectively.
- Full-year 2022 guidance achieved on all metrics.
- For 2023, Domestic revenue expected to grow year-on-year by 1% to 3%; underlying Domestic and Group EBITDA to be around -3% and CapEx to reach its peak at around EUR 1.3 billion.
- Board proposes gross dividend over 2022 result of EUR 1.20 per share, of which EUR 0.70 to be paid in April 2023.

1 Q4 2022 Highlights

- Proximus' Domestic segment closed the fourth quarter of 2022 with strong growth for its Mobile customer base, adding +43,000 Mobile Postpaid cards, and grew its Internet base by +9,000 subscriptions. The success of Residential convergent offers continued, growing by +13,000 customers to a total of 1,048,000, a +5.2% year-on-year increase. Fiber offers gained further traction, with +31,000 active Residential and Business Fiber lines added, bringing the total to 252,000. Proximus managed to contain the net decrease of the TV subscriptions to -9,000 in the fourth quarter, reflecting changing customer needs. The Fixed Voice line base further eroded by -53,000 lines.
- Proximus' **Domestic underlying revenue was up by +2.1% to EUR 1,155 million**. The **Residential unit posted a +0.7%** revenue increase, with the +2.6% increase in Customer Services revenue partly offset by Prepaid, Terminals and Other revenue. Convergent revenue was up +7.6% driven by further customer growth and the inflation-based price adjustment. The fourth-quarter 2022 **revenue of the Business unit grew +4.1% year-on-year**. IT equipment revenue was up strongly following the continued catch-up in chip-supply affected customer installations. Business Services revenue was slightly down (-0.9%) with eroding Fixed Voice revenue mostly offset by higher Fixed Data (+2.7%) and IT services (+1.0%) revenue. Proximus' **Wholesale unit posted an overall -8.1% revenue decrease**, with Fixed and Mobile wholesale services up by +7.8% but more than offset by interconnect revenue loss, with no meaningful margin impact.
- The fourth-quarter 2022 **Domestic EBITDA totaled EUR 389 million, a +1.8% increase** compared to the same period in 2021. The support from higher direct margin, up by +2.0%, was in part offset by a 2.1% increase in operating expenses, with inflationary cost effects, customer and transformation costs partly mitigated by ongoing cost efficiencies.
- **Telesign** closed the fourth quarter with another sequential record-breaking revenue and direct margin growth, increasing for both its Digital Identity and Communication segment. Telesign's **revenue was up year-on-year by +61.5%** (+46.9% on a constant currency basis), reaching a total of EUR 140 million and its **direct margin was up by +48.7%** reaching EUR 34 million (+22.5% on a constant currency basis). As a result, despite the continued material investments driving operating costs, Telesign's fourth-quarter EBITDA was breakeven.
- **BICS** closed its highest ever growth quarter with **revenue +20.4%** to EUR 311 million. BICS' Core services revenue was up +20.6% driven by higher mobility services and messaging revenue thanks to a strong post-Covid travel uptake. Growth services revenue was up +30.5% mainly on strong traction for Cloud services, and low-margin Legacy services revenue increased by +19.3%. The **direct margin was up by +12.3%**, and **EBITDA was up by +3.5%**, impacted by inflationary cost items, as well as non-structural performance related expenses. This aside, the EBITDA growth was similar to the previous 2 quarters.
- In aggregate, the Proximus **Group underlying revenue totaled EUR 1,558 million** for the fourth quarter of 2022, **up +8.1%, making it the highest growth quarter of the year**. The underlying **Group EBITDA totaled EUR 415 million, up by +1.4%**.
- The **Proximus Group CapEx ended the year 2022 at EUR 1,305 million**, excluding spectrum and football rights. The year-on-year increase of EUR 101 million from 2021 was in large part driven by Proximus' investments in its Gigabit networks. Fiber related investments accounted for 35% of the total CapEx. Proximus increased its fiber footprint to 1,282,000 premises, representing a coverage of over 21% for Belgium.
- Over the year 2022, Proximus Group posted a **Free Cash Flow of EUR 167 million, or EUR 181 million when adjusted for M&A-related transaction costs**. The decrease from the comparable adjusted 2021 FCF of EUR 376 million (EUR 237 million reported FCF) mainly resulted from higher cash-out for CapEx, as well as from an unfavorable year-on-year evolution of business working capital needs, in part offset by lower year-on-year income tax payments, cash out for ongoing transformation plans and a lower amount of equity injections in the Fiber joint ventures.

Market situation

For the Residential market, Belgium remains very much a convergent market, with offers addressing all customer segments, from fully-fledged convergent offers including multi-mobile cards and entertainment propositions over skinny bundles to stand-alone offers. The industry headwind of Fixed Voice decline continues and cord cutting starts to show in Belgium. The Fixed internet market growth has been coming back from its Covid19-driven peak, while Fiber connectivity increasingly creates opportunities. The current economic crisis increases the addressable market for price-seeker brands. At the same time, with the evident inflation pressures in the Belgian market as elsewhere in Europe, the Belgian Telecom market has seen selective pricing increases to mitigate these impacts to its overall margins. Mobile pricing sees a more prudent approach, with data allowances remaining on the rise. The Business market remained very competitive, translated into continued pricing pressure, whilst there has been room for targeted pricing actions. Fiber connectivity and Professional IT services represent opportunities, while legacy Fixed services face ongoing erosion.



Guillaume Boutin, CEO

We concluded 2022 with strong momentum and delivered our highest Group revenue growth quarter of the year at +8.1%, supported by both our Domestic and International segments. We continued to effectively mitigate inflationary pressures to drive EBITDA growth.

After 2 years marked by Covid and its aftermaths, 2022 proved to be another challenging year from a macroeconomic perspective. The war in Ukraine and its impact on the world economy has resulted in inflation rates unprecedented in Belgium for nearly 50 years.

In this complex context, I am proud of the strong performance that Proximus Group has delivered over the past year, and particularly in this last quarter, which shows the success of our #inspire2022 strategy. After a record Q3, we further improved Group revenue growth and with our continued focus on strict cost management to mitigate inflationary effects, we delivered 1.4% EBITDA growth for the Group. Domestically, we maintained good commercial momentum across our different brands. Our multi-brand strategy continues to be a key success factor which enables us to address all customer segments and accommodate fast evolving customer needs.

While we are delivering strong operational and financial performances quarter after quarter, we are equally transforming the company for the future. The significant part of the available spectrum acquired in June last year will allow us to maintain our mobile leadership position for the next 20 years, with the strong ambition to cover 100 % of Belgium with 5G by 2025. As for Fixed, our roll-out of the best Gigabit Fiber network in Belgium has now reached over 21% of Belgian premises, extending our lead over the competition. Over the past years we have onboarded over 250,000 customers on our fiber network. And this is just the beginning of our journey - as our 10 Gbps Fiber product, currently available in 5 cities, will be progressively rolled out nationwide by summertime.

Investing in the future also means investing in our people, culture and operating model. More concretely this is translating into a common sense of purpose and values embraced by all employees. One of the key elements of this transformation is the transition to agile ways of working, with a company-wide rollout that is well underway, and which is already delivering benefits for both customers and our employees. This transformation has been realized in an open and constructive dialogue with our social partners and it is in this same mindset that we have also just concluded a new collective agreement for 2023-2024 with them last Wednesday.

Proximus also takes its societal responsibilities very seriously. This is why we decided last week to offer free calls and texts to Türkiye and Syria after the devastating earthquake, allowing our customers to stay in touch with their loved ones. We also joined a national fundraising action organized by the Belgian Red Cross. At the same time, we continue to contribute to the fight against global warming. In 2022, Proximus became the third operator in the world to have its short- and long-term greenhouse gas emission reduction targets validated by the Science Based Target initiative (SBTi). Adding to this recognition, our company has been selected to be part of the Bel ESG index, launched last Wednesday. This new high-profile index will track Brussels listed companies that demonstrate the best Environmental, Social and Governance (ESG) practices.

Regarding our international segments, we continue to achieve exceptional results. Since our decision to buy out the minority shareholders, we have set Telesign and BICS back on high growth tracks, with a renewed focus on strong management execution and a growing presence in new markets, which translates into record growth rates. We are therefore delighted to see BICS and Telesign growing respectively by 20.4% and 61.5% year-on-year, and contributing significantly to the direct margin growth of the Group.

Building a digital society that people can trust is of utmost importance for the Group. As such, we are particularly proud to have launched Proximus Ada in May, the first Belgian center of expertise combining artificial intelligence and cybersecurity know-how, and to be one of the first operators in the world to have concluded an agreement with Microsoft to develop a sovereign cloud. This will allow us to offer our customers the power of the artificial intelligence of Microsoft Cloud services, combined with an optimal level of security, guaranteed by Proximus.

Summing up, in a turbulent economic climate I am very pleased that we have been able to exceed the initial financial objectives we had set for 2022. The Proximus Domestic revenue excluding terminals grew by +2.5%, our underlying Domestic EBITDA was up year-on-year by +0.7% and the Group EBITDA grew +0.8% from 2021. With our Fiber rollout accelerating, we closed 2022 with CapEx of EUR 1.3 billion excl. spectrum and football broadcasting rights. Our 2022 net debt-to-EBITDA ratio currently sits at 2.3X (S&P definition), in line with our plans.

Having achieved our #inspire2022 objectives, we look to the future with confidence and determination as we embark on the next phase. At our Capital Markets Day 16th of January 2023, we set out our new 3-year strategy bold 2025, focusing on long-term growth and value creation. With bold2025 we will benefit from our 1st mover advantage in Fiber, we will keep good commercial momentum and mitigate inflation effects through our upscaled cost efficiency program. For international segments, already exposed to highly growing markets, we foresee further expansion in new geographies and products. Overall, bold 2025 will ideally position us to successfully meet the challenges of the coming years, with the objective to grow our 2025 Group EBITDA slightly above the 2022 level.

For the year 2023, we expect our Domestic revenue to grow by 1% to 3%. With significant headwinds tied to wage inflation and energy costs we expect underlying Domestic EBITDA to decline by around -3%. For our International segments BICS and Telesign, we expect to deliver high single digit direct margin growth for 2023. In aggregate, our Group underlying EBITDA is expected to land at around -3% compared to 2022. Our CapEx will peak, at around EUR 1.3 billion in 2023, and we project the Net Debt/EBITDA ratio under the S&P definition to be around 2.6X. To conclude, our Board of Directors approved to propose to the Annual General Shareholders' Meeting, to return a gross dividend of EUR 1.20 per share over the result of 2022. In line with our newly announced 3-year dividend policy over the 2023-2025 period, we maintain a very attractive shareholder return over the result of 2023, with the annual gross dividend kept at EUR 1.20 per share.

Table 1: Key Figures

Operational ('000)	Net adds in the quarter			Park at end of quarter		
	2021	2022	%	2021	2022	%
Fiber						
Homes Passed	126	158		813	1,282	57.7%
Activated retail lines	20	31		146	252	72.9%
Residential customers						
Convergent	17	13		996	1,048	5.2%
Group (subscriptions/SIM cards)						
Internet	15	9		2,178	2,216	1.7%
TV	14	-9		1,721	1,710	-0.7%
Fixed Voice	-45	-53		2,004	1,810	-9.7%
Mobile Postpaid (excl. M2M)	53	43		4,651	4,817	3.6%
M2M	154	63		3,365	3,976	18.2%
Prepaid	-20	-19		689	621	-9.8%
Financials (EUR million)						
	4th Quarter			Year-to-date		
	2021	2022	% Change	2021	2022	% Change
Group Revenue (underlying)	1,441	1,558	8.1%	5,578	5,909	5.9%
of which Domestic	1,132	1,155	2.1%	4,381	4,478	2.2%
of which BICS	259	311	20.4%	999	1,132	13.3%
of which Telesign	87	140	61.5%	327	473	44.5%
Group Direct Margin (underlying)	900	935	3.8%	3,579	3,722	4.0%
of which Domestic	823	839	2.0%	3,286	3,360	2.2%
of which BICS	58	66	12.3%	227	263	15.9%
of which Telesign	23	34	48.7%	79	114	43.0%
Group Expenses (underlying)	-491	-520	5.9%	-1,807	-1,936	7.1%
of which Domestic	-441	-450	2.1%	-1,633	-1,695	3.8%
of which BICS	-33	-40	18.9%	-126	-143	14.1%
of which Telesign	-20	-34	64.9%	-63	-112	79.3%
Group EBITDA (underlying)	409	415	1.4%	1,772	1,786	0.8%
as % of revenue	28.4%	26.6%	-1.8 p.p.	31.8%	30.2%	-1.5 p.p.
of which Domestic	382	389	1.8%	1,654	1,665	0.7%
of which BICS	25	26	3.5%	102	120	18.1%
of which Telesign	2	0	nr	17	1	-93.5%
Group EBITDA (reported)	425	419	-1.6%	1,828	1,826	-0.1%
Net income	87	81	-6.7%	445	450	1.1%
Accrued CapEx (excl. spectrum & football rights)	467	464	-0.6%	1,203	1,305	8.4%
FCF (adjusted)	-32	99	>100%	376	181	-52.0%
Adjusted net fin position (excl. lease liabilities)	nr	nr		-2,740	-2,758	-0.7%

- Group revenue, Direct Margin, Operating Expenses and EBITDA include intersegment eliminations
- Adjusted FCF excludes M&A impacts but includes Fiber equity injections.

2 Proximus Group Financial Review

2.1 Group financials (underlying)

Table 2: Underlying Group P&L

(EUR million)	4th Quarter			Year-to-date		
	2021	2022	% Change	2021	2022	% Change
Revenue ¹	1,441	1,558	8.1%	5,578	5,909	5.9%
Net Revenue	1,428	1,548	8.4%	5,537	5,853	5.7%
Other Operating Income	13	10	-23.4%	41	56	34.2%
Cost of Sales ²	-541	-623	15.2%	-1,999	-2,187	9.4%
Direct Margin	900	935	3.8%	3,579	3,722	4.0%
Direct Margin %	62.5%	60.0%	-2.5 p.p.	64.2%	63.0%	-1.2 p.p.
Expenses	-491	-520	5.9%	-1,807	-1,936	7.1%
EBITDA ³	409	415	1.4%	1,772	1,786	0.8%
EBITDA Margin %	28.4%	26.6%	-1.8 p.p.	31.8%	30.2%	-1.5 p.p.

¹ Corresponds to "Total Income"

² Corresponds to "Cost of materials and charges to revenues"

³ Corresponds to "Operating income before depreciation and amortization"

See section 6 for reported figures and section 7.2 for adjustment details

2.1.1 Underlying Group revenue

Q4 2022

The Proximus Group underlying revenue totaled EUR 1,558 million for the last quarter of 2022, a year-on-year increase by +8.1%, including growth from both its Domestic and International operations.

For its Domestic segment, Proximus grew its underlying revenue to EUR 1,155 million, an increase by +2.1% or EUR 24 million compared to the preceding year. Excluding revenue from Terminals, the fourth-quarter Domestic revenue grew by +2.4%.

The Residential¹ revenue was up year-on-year by +0.7% to EUR 576 million. The slower growth rate from the previous quarters was due to slightly lower Terminals revenue and low 'Other' revenue. The key Residential revenue driver, Customer Services revenue, was up for the fourth quarter 2022 by +2.6%, with customer growth and the price indexation of 1 May 2022 driving a +7.6% increase in Convergent revenue.

The fourth-quarter 2022 revenue of the Business unit ended +4.1% above the 2021 comparable basis. Business Services revenue was down by -0.9%, with the steady ongoing Fixed Voice revenue erosion for a large part compensated for by higher revenue from Fixed Data (+2.7%) and IT Services (+1.0%). Over the last 3 months of the year, Proximus continued to catch up on Customer installations of IT equipment, resulting in a strong year-on-year growth for Products revenue (+31.9%).

Proximus' Wholesale unit posted a fourth-quarter 2022 revenue of EUR 69 million, -8.1% or EUR -6 million down from the same period of 2021. This includes lower other operating income for EUR 2 million posted in the fourth quarter of 2021 related to the release of a one-off longstanding provision. The remaining decrease is fully related to low-margin interconnect revenue. Revenue generated by Fixed and Mobile wholesale services continued its growing trend, up from the previous year by +7.8%

¹ See section 7.1 for the reporting changes as of January 2022, impacting the customer units within the Domestic segment.

Telesign posted EUR 140 million of revenue over the last quarter of 2022, a **year-on-year increase of +61.5%** (+46.9% on a constant currency basis²). Revenue from Communications services was positively impacted by e-commerce seasonality, price increases in certain markets, as well as favorable currency movements. The Net Revenue Retention (NRR) rate improved for the fourth quarter to 147%. The growth in the Digital Identity segment reflected the strong volume growth from key customers, new use cases, and new customer wins.

For the fourth quarter of 2022, **BICS posted revenues of EUR 311 million, a +20.4% year-on-year increase**, driven by both ongoing strong revenue from BICS' Enterprise customer revenue, up by +40.0% from the fourth quarter 2021, while BICS' Telecom revenue grew as well by +15.8% on the year before. All BICS' Services, Growth, Core and Legacy, showed strong growth.

FY 2022

Over the **full-year 2022**, the **Proximus Group posted EUR 5,909 million underlying revenue, +5.9%** or EUR 331 million above that of 2021. This includes the revenue contribution from Mobile Vikings, consolidated as of 1 June 2021.

Proximus' **Domestic segment posted for the year 2022 a total underlying revenue of EUR 4,478 million, up by EUR 97 million or +2.2% compared to 2021**. Both the Residential and Business unit posted solid revenue growth, respectively increasing by +2.4% and +1.7% from the prior year. Revenue from Wholesale Services was up too, growing by +16.5% however was more than offset by the loss of Wholesale Interconnect revenue for EUR -24 million, with no meaningful margin impact. Proximus' two international segments BICS and Telesign closed 2022 with a strong growth in revenue. **The BICS segment posted for the full year 2022 an increase in revenue by +13.3%**, with a fairly equal split between revenue from its Enterprise and Telecom customer base. **Telesign posted a +44.5% revenue growth**, including a positive currency effect (29.9% on constant currency basis).

Table 3: Underlying Group Revenue

(EUR million)	4th Quarter			Year-to-date		
	2021	2022	% Change	2021	2022	% Change
Group Underlying	1,441	1,558	8.1%	5,578	5,909	5.9%
Domestic	1,132	1,155	2.1%	4,381	4,478	2.2%
Residential	572	576	0.7%	2,207	2,261	2.4%
Business	477	497	4.1%	1,862	1,894	1.7%
Wholesale	75	69	-8.1%	286	280	-2.1%
Other (incl. eliminations)	7	13	86.0%	26	43	64.0%
BICS	259	311	20.4%	999	1,132	13.3%
Telesign	87	140	61.5%	327	473	44.5%
Eliminations	-36	-49	-35.5%	-130	-174	-34.6%

² Provides a view on the business performance, filtering out the currency effects by using a constant currency.

2.1.2 Underlying Group direct margin

Table 4: Underlying Group direct margin

(EUR million)	4th Quarter			Year-to-date		
	2021	2022	% Change	2021	2022	% Change
Group Underlying by Segment	900	935	3.8%	3,579	3,722	4.0%
Domestic	823	839	2.0%	3,286	3,360	2.2%
BICS	58	66	12.3%	227	263	15.9%
Telesign	23	34	48.7%	79	114	43.0%
Eliminations	-4	-4	4.7%	-14	-15	-6.1%

Q4 2022 The fourth quarter 2022 underlying direct margin of the **Proximus Group totaled EUR 935 million, an increase by +3.8%** from the comparable period last year.

Proximus' **Domestic operations posted a direct margin of EUR 839 million, 2.0%** or EUR 16 million above the prior year. For **BICS** a strong year-on-year increase in direct margin was posted, which was up by +12.3%, reaching EUR 66 million, with the growth coming from all three service groups. Resulting from good growth for both Digital Identity and Communication services, **Telesign posted a record high direct margin** for the fourth quarter of 2022, up year-on-year by **+48.7%** to a total of EUR 34 million (on a constant currency basis, this was +22.5%).

FY 2022 Over the full year 2022 **Proximus Group posted an underlying direct margin of EUR 3,722 million**, i.e. up by EUR 143 million or +4.0% from full-year 2021, with both Domestic and International contributing fairly equally to this uplift. The Domestic direct margin was up by +2.2% to a total of EUR 3,360 million. Compared to the preceding year, BICS improved its direct margin by +15.9% to reach EUR 263 million and Telesign grew direct margin by +43.0%, totaling EUR 114 million, including a significant positive currency effect (+13.5% in constant currency).

2.1.3 Underlying Group expenses³

Table 5: Underlying Group expenses

(EUR million)	4th Quarter			Year-to-date		
	2021	2022	% Change	2021	2022	% Change
Group Underlying	491	520	5.9%	1,807	1,936	7.1%
Workforce expenses	314	329	5.0%	1,191	1,265	6.2%
Non-workforce expenses	177	190	7.5%	616	671	9.0%
Domestic	441	450	2.1%	1,633	1,695	3.8%
Workforce expenses	282	285	1.2%	1,076	1,111	3.2%
Non-workforce expenses	159	165	3.7%	556	584	5.0%
BICS	33	40	18.9%	126	143	14.1%
Telesign	20	34	64.9%	63	112	79.3%
Eliminations	-4	-4	4.8%	-14	-15	-6.2%

³ Before D&A; excluding Cost of Sales; excluding incidentals.

Q4 2022 The Proximus Group underlying operating expenses grew year-on-year to EUR 520 million in the fourth quarter of 2022, up by +5.9% or EUR 29 million from the comparable basis in 2021.

The Domestic operating expenses totaled EUR 450 million, +2.1% on an easier comparable base in 2021. The year-on-year rise was mainly driven by inflationary cost increases, including the effect of 5 inflation-based salary indexations⁴. This was partially offset by a lower Domestic headcount, down by -151 FTEs to a total of 10,427 FTEs, and by other efficiencies. Moreover, customer related costs were up, as well transformation costs, including the company's Datacenter transformation.

BICS' fourth quarter 2022 operating expenses totaled EUR 40 million, an increase by EUR 6 million, of which approximately EUR 4 million should be considered as non-structural, including amongst others performance-related labour expenses.

The year-on-year increase in the BICS headcount by 53 FTEs, or +11.7% compared to end-2021 is mainly related to the acquisition of Mobtexting India, supporting BICS' growth objectives in CPaaS.

Telesign posted EUR 34 million of operating expenses, up by EUR 13 million from the year before, reflecting substantial investments to support its growth objectives with headcount increasing year-on-year by 200 FTEs, and with an increased marketing spend.

Overall, including BICS and Telesign, the Proximus Group employed 11,634 FTEs end-December 2022, 102 FTE's more than twelve months ago.

FY 2022 In 2022, steep inflation significantly impacted the Proximus Group operating expenses, up from the year before by +7.1%, reaching a total of EUR 1,936 million.

The Domestic OpEx totaled EUR 1,695 million, a +3.8% increase. The steep inflationary impacts, costs related to the company's growing customer base and transformation related OpEx were partially offset by a lower headcount and other ongoing cost efficiencies.

BICS posted for 2022 EUR 143 million OpEx for 2022, an increase by +14.1% from 2021, partially driven by inflation. Telesign's operating expenses totaled EUR 112 million, EUR 50 million higher versus 2021, driven by the anticipated significant investment to realise its growth plan, with amongst others intensive additional employee hiring and increased marketing expenses.

2.1.4 Group EBITDA - reported and underlying

Table 6: From reported to underlying EBITDA

(EUR million)	4th Quarter			Year-to-date		
	2021	2022	% Change	2021	2022	% Change
Group reported EBITDA	425	419	-1.6%	1,828	1,826	-0.1%
Adjustments	-16	-4	nr	-56	-40	nr
Group Underlying EBITDA	409	415	1.4%	1,772	1,786	0.8%
Domestic	382	389	1.8%	1,654	1,665	0.7%
BICS	25	26	3.5%	102	120	18.1%
Telesign	2	0	-86.0%	17	1	-93.5%

⁴ Public wages in Belgium were automatically adjusted to the higher cost of living on 1 February 2022, 1 April 2022, 1 June 2022, 1 September and 1 December 2022, with a 2% increase in each instance.

Underlying Group EBITDA

Q4 2022

The underlying Group EBITDA for the fourth quarter of 2022 totaled EUR 415 million, up by +1.4% compared to the prior year.

For its Domestic operations, Proximus posted an EBITDA of EUR 389 million for the fourth quarter of 2022, +1.8% from a low comparable base, and resulting from the year-on-year increase in Domestic Direct margin, partly offset by higher operating costs.

Driven by continued strong growth in direct margin, in part offset by exceptionally high expenses, BICS posted EBITDA of EUR 26 million for the fourth quarter of 2022, +3.5% year-on-year.

For Telesign, the year-on-year increase in Operating costs was fully compensated for by its increase in direct margin, leading to its fourth quarter EBITDA to be breakeven.

FY 2022

The underlying Group EBITDA for the year 2022 totaled EUR 1,786 million, up by +0.8% or EUR +14 million compared to the prior year, with both Domestic and BICS EBITDA contributing to this growth.

The Domestic operations of Proximus posted EUR 1,665 million EBITDA, a year-on-year increase +0.7%. BICS closed 2022 with EBITDA growing +18.1% to total EUR 120 million, resulting from its strong direct margin growth, in part offset by higher Operational costs. In the course of 2022 Telesign invested significantly in its growth ambitions, resulting in a meaningful increase in its operating expenses. This effect was however fully offset by its firm increase in direct margin, overall resulting in a slightly positive EBITDA for 2022 of EUR 1 million, compared to EUR 17 million for 2021.

Q4 2022

Total Reported Group EBITDA

The Proximus Group reported EUR 419 million EBITDA for the fourth quarter of 2022, a decrease by -1.6% or EUR -7 million from the comparable period in the previous year. The underlying EBITDA for the fourth quarter of 2022 included EUR -4 million negative adjustments. The main adjustment is on lease depreciations, with EUR -22 million added back to the underlying EBITDA. This was for a large part offset by an increase of EUR 19 million mainly related to the update of provisions for termination benefits of existing programs.

For an overview of all adjustments, see section 7.2.

2.1.5 Net income

Depreciation and amortization

Net finance cost

Tax expenses

Net income (Group share)

FY 2022

The fourth-quarter 2022 depreciation and amortization (including lease depreciation) amounts to EUR 303 million, bringing the total for 2022 to EUR 1.179 million. This compares to EUR 1.183 million for 2021. The increase of depreciation in fourth quarter 2022 is mainly due to higher investments in intangible assets (spectrum).

The full-year 2022 net finance cost is EUR 49 million including lease interests, below the previous year by -8% due to a EUR 7 million one-off impact of a discount rate increase on termination provisions.

The 2022 tax expenses amounted to EUR 128 million, leading to an effective tax rate of 22.2%. The difference with the Belgian statutory tax rate of 25% results from the application of general principles of Belgian tax law such as the patent income deduction and other R&D incentives.

The year-to-date Proximus Net income (Group share) progressed by +1.5%, driven by a +0.4% increase in EBIT, a decrease in net finance costs and a lower effective tax rate partially offset by a higher share of loss on associates.

Table 7: From Group EBITDA to net income

(EUR million)	4th Quarter			Year-to-date		
	2021	2022	% Change	2021	2022	% Change
Group reported EBITDA	425	419	-1.6%	1,828	1,826	-0.1%
Depreciation and amortization	-295	-303	2.7%	-1,183	-1,179	-0.4%
Operating income (EBIT)	130	116	-11.2%	645	647	0.4%
Net finance costs	-16	-10	-37.0%	-54	-49	-8.0%
Share of loss on associates and JV	-5	-9	98.5%	-10	-20	97.5%
Income before taxes	110	96	-12.0%	581	578	-0.5%
Tax expense	-23	-15	-32.3%	-137	-128	-6.0%
Net income	87	81	-6.7%	445	450	1.1%
Non-controlling interests	0	0	-	1	0	<-100%
Net income (Group share)	87	81	-6.6%	443	450	1.5%

2.1.6 Investments

Excluding spectrum and football rights licenses, the **Proximus Group CapEx totaled EUR 464 million over the fourth quarter of 2022**, EUR 3 million below the comparable period in 2021. This brought the Proximus Group accrued **CapEx over the year 2022 totaled EUR 1,305 million**.

The year-on-year increase of EUR 101 million from 2021 was in large part driven by Proximus' investments in its Gigabit networks. Fiber related investments counted for 35% of the total CapEx. By end-2022, Proximus was deploying Fiber in 93 cities and municipalities in Belgium. Compared to end-2021, Proximus increased its footprint by 57% in 2022, reaching 1,282,000 premises with fiber, representing a Fiber footprint in Belgium of over 21%.

Moreover, the announced Mobile network (RAN) consolidation between Proximus and Orange Belgium is ongoing, led by the created joint-operation Mwingz with CapEx incurring following the pace of the mobile site consolidation. Following an increased level of customer installations over 2022, more specifically for Fiber, the customer-related CapEx increased, covering customer equipment and activation costs. Finally, in line with its strategy, Proximus increased its investments in Digitalization and IT transformation.

Overall, including EUR 618 million of CapEx for acquired mobile spectrum, the Proximus Group accrued CapEx totaled EUR 1,923 million for 2022, compared to EUR 1,246 million for 2021. The majority of the increase relates to the new multi-band spectrum obtained in the auction of July 2022, during which Proximus secured for EUR 600 million a total of 285Mhz spectrum, with licenses valid for the next 18-20 years.

2.1.7 Cash flows

Over the fourth quarter of 2022, Proximus Group posted a **Free Cash Flow of EUR 98 million**, bringing the **total FCF over the year 2022 to EUR 167 million, or EUR 181 million when adjusted for M&A-related transaction costs**. The decrease from the comparable adjusted 2021 FCF of EUR 376 million (EUR 237 million reported FCF) mainly resulted from higher cash-out for CapEx, increasing by EUR 305 million following the higher Fiber investments and spectrum deposits, as well as from an unfavorable year-on-year evolution of business working capital needs. This was in part offset by year-on-year less income tax payments, cash out for ongoing transformation plans⁵ and a lower amount of equity injections in the Fiber joint ventures Fiberklaar and Unifiber, the two entities created to deploy Fiber in the Flanders and Walloon regions, respectively.

⁵ Headcount plans ahead of retirement: Early leave plan and Fit for Purpose plan.

Table 8: Cash flows

(EUR million)	4th Quarter			Year-to-date		
	2021	2022	% Change	2021	2022	% Change
Cash flows from operating activities	256	465	81.8%	1,621	1,717	6.0%
Cash paid for CapEx (*)	-277	-341	23.0%	-1,137	-1,441	26.8%
Cash flows used and provided in other investing activities	3	3	1.7%	-168	-20	-88.2%
Cash flow before financing activities	-18	127	>100%	316	256	-18.9%
Lease payments	-21	-29	37.6%	-79	-89	12.0%
Free cash flow	-39	98	>100%	237	167	-29.3%
Cash flows used and provided in financing activities other than lease payments	131	1	-98.9%	-299	-119	-60.3%
Exchange rate impact	0	-2	<-100%	1	1	30.7%
Net increase/(decrease) of cash and cash equivalents	92	98	6.6%	-62	50	>100%

*Cash paid for acquisitions of intangible assets and property, plant and equipment.

2.1.8 Balance sheet and shareholders' equity

Tangible and intangible fixed assets amounted to EUR 5,309 million, an increase by EUR 733 million, mainly due to the capitalized spectrum for EUR 600 million and investments in fiber.

In 2022 the accounting policy regarding the recognition of football broadcasting rights and other seasonal sport broadcasting rights has been updated (see note 6.1).

The net book value of Proximus towers located in Brussels are classified as **assets held for sale** for EUR 99 million in December 2022.

Pension assets increased by EUR 60 million to EUR 140 million due to a revision of the assumptions (discount and inflation rate and expected return of plan assets).

Remeasurement of cash flow hedge instruments increase **other non-current assets** from EUR 24 million in 2021 to EUR 99 million in 2022 and **other current assets** from EUR 140 million in 2021 to EUR 269 million in 2022.

Shareholders' equity increased from EUR 2,978 million at the end of December 2021 to EUR 3,307 million at the end of December 2022. This mainly results from the **net income Group Share** (EUR 450 million) and positive re-measurements being higher than the dividends distributed (EUR 226 million past year dividend plus EUR 161 million relating to interim dividends).

At the end of December 2022, Proximus' outstanding long-term **interest-bearing liabilities** (excluding lease liabilities and part maturing within one year) amounted to EUR 2,676 million, and its **adjusted net financial position** reach EUR 2,758 million (including re-measurements to fair value).

Table 9: Net financial position

(EUR million)	As at 31 December	As at 31 December
	2021	2022
Investments, Cash and cash equivalents	249	299
Derivatives	3	208
Current assets	0	2
Assets	252	509
Non-current liabilities (*)	-2,944	-2,876
Current liabilities (*)	-321	-662
Liabilities	-3,265	-3,538
Net financial position (*)	-3,013	-3,030
of which Leasing liabilities	-273	-272
Adjusted net financial position (**)	-2,740	-2,758

(*) Including derivatives and leasing liabilities

(**) The adjusted financial position excludes leasing liabilities

2.2 Regulation

Spectrum

The multi-band spectrum auction, including the renewal of the existing 2G/3G spectrum licenses (900 MHz, 1800 MHz and 2100 MHz) as well as the granting of new 5G spectrum (700 MHz, 1400 MHz and 3600 MHz), has been closed on 20 July 2022. In total, Proximus has been able to secure 285 MHz for € 600 million. All licenses will be valid for 20 years, except the 3600 MHz band which will expire by 7 May 2040.

The 900 MHz, 1800 MHz and 2100 MHz bands started on 1 January 2023 and the 1400 MHz band will start 6 months later, on 1 July 2023.

Termination rates

On 18 December 2020, the Commission adopted a binding decision setting single maximum EU-wide wholesale mobile and fixed termination rates (also referred to as Euro rates). This act establishes a three-year glidepath for mobile termination rates (MTR) and a transition period for fixed termination rates (FTR).

(€ cent/minute)	Previous	01/07/2021	01/01/2022	01/01/2023	As from 1/1/2024
MTR	0.99	0.70	0.55	0.40	0.20
FTR	0.116	0.093	0.070	0.070	0.070

Traffic originating from outside the EU is subject to the regulated EU-wide wholesale caps in cases where the non-EU termination rates are equal to or below the Euro rate. This regulation entered into force on 1 July 2021, with a minor impact expected on Wholesale revenue and neutral on direct margin.

International roaming

The Roaming Regulation including RLAH expired on 30 June 2022. On 4 April 2022, the European Council adopted a new legislative act to extend the roaming regulation until 30 June 2032. In addition, the wholesale roaming charges, the prices that operators charge each other when their customers use other networks when roaming in the EU, are capped at EUR 2 per Gigabyte (Gb) from 2022 progressively down to EUR 1 in 2027. Furthermore, wholesale caps for voice and SMS are lowered based on a two-step glidepath in 2022 and 2025.

Social tariffs

On 8 November 2022, the Belgian government agreed a new social tariff for internet access, at EUR 19 per month. The new rate should be available from 2024 for over half a million low-income households. Proximus already offers social tariffs at EUR 15 per month.

2.3 ESG Update

Proximus is strongly committed to an inclusive society and to sustainability in everything it does. As part of its bold2025 strategy, Proximus aims for net zero CO₂ emissions across its value chain by 2040 and commits to be truly circular by 2030. Proximus also acts as a digital catalyst by promoting digital trust and fighting the digital divide.

This section of the quarterly report highlights a selection of achievements and other company news in the area of sustainability, i.e. environmental, social and corporate governance (ESG).

In the spotlight

- **Don't miss the call** – 121,042 mobile phones were collected for reuse and recycling in 2022; 40,636 more versus 2021.
- **Cyber Security Resilience** – 98% of the number of potential major cyber security incidents with a visible impact on the business were prevented in 2022, further improving by 1pp versus 2021.
- **Average trainings hours per employee** – 42 hours in 2022, 1 hour more versus 2021. The training hours include both classroom and virtual classroom training, and digital self-learning.

Recognition for sustainability

BEL ESG Index. Proximus is included in the BEL ESG index, introduced by Euronext Brussels on 15 February 2022. The BEL ESG Index is composed of 20 Brussels listed companies that score best on ESG criteria. Companies' ESG risks were rated by Sustainalytics, a leading global provider of ESG research and assessments. The applied rating methodology will evolve to incorporate new EU regulations and standards as they emerge. This new index confirms Proximus in its leading position on the ESG front.

2022 CDP A-Score. Proximus consolidated its position in the prestigious A-List of CDP, the international non-profit agency stepping up for the environment. An A-score acknowledges companies that excel in terms of transparency and action against climate change. This is a great recognition of Proximus' efforts and a great encouragement to pursue its bold ambitions as part of its bold2025 strategy.

Supporting communication with earthquake victims in Türkiye and Syria.

Taking up its societal responsibility, Proximus has decided to make mobile and fixed calls and text messages from Belgium to Türkiye and Syria free for all customers throughout February 2023. This applies to the three residential brands: Proximus, Scarlet and Mobile Vikings.

Together with telecom operators in Belgium, Proximus has also launched an SMS action to help the victims of the earthquakes in Türkiye and Syria. There are no additional charges for a text message, the amount raised will be transferred in full to the Red Cross in the affected countries.

2.4 Outlook & Shareholder return

2022 outlook achieved

Supported by #Inspire2022, the 3-year strategy Proximus Group embarked on in 2020, all guidance metrics set for 2022 were achieved. Proximus Domestic revenue excluding terminals grew by +2.5%, underlying Domestic EBITDA was up year-on-year by +0.7% and the Group EBITDA grew +0.8% from 2021.

With the Fiber rollout progressing well, Proximus ended 2022 with CapEx of EUR 1.305 billion excl. spectrum and football broadcasting rights, i.e. close to EUR 1.3 billion. The 2022 net debt-to-EBITDA ratio reached 2.3X (S&P definition).

Table 10.1: outlook 2022

Guidance metric	FY21	FY22	FY22	FY22
	Actuals	Initial outlook 18 February 2022	Outlook Revised upward 28 October 2022	Actuals
Underlying Domestic revenue Excl. terminals	€ 4,075M	Growing up to 1% YoY	Growing around +2% YoY	€ 4,176M +2.5%
Domestic underlying EBITDA	€ 1,654M	Growing up to 1% YoY	Upper range of "Growing up to 1% YoY"	€ 1,665M +0.7%
Underlying Group EBITDA	€ 1,772M	Around -1%	Upper range of "Growing up to 1% YoY"	€ 1,786M +0.8%
CapEx (excluding Spectrum & football rights)	€ 1,203M	Close to € 1.3Bn	"Close to € 1.3Bn"	€ 1,305M
Net debt / EBITDA	1.55X	Around 1.6X	"Around 1.6X"	1.5x (Proximus) 2.3X (S&P)

Shareholders return over the 2022 result

In line with Proximus' announced three-year dividend policy over the period 2020-2022, the Board of Directors approved the decision to propose to the Annual General Shareholders' Meeting of 19 April 2023 to return, based on the result of 2022 a gross dividend of EUR 1.20 per share, of which EUR 0.50 interim dividend per share was paid in December 2022.

After approval by the Annual Shareholders' Meeting, the normal dividend of EUR 0.70 per share will be paid on 28 April 2023.

Coupon #: 36

Gross dividend: EUR 0.70/share
 Net dividend (30% withholding tax assumed): EUR 0.49/share

- Ex-coupon date: 26 April 2023
- Record date: 27 April 2023
- Payment date: 28 April 2023

2023 full-year guidance

As was announced in Proximus' Capital Markets Day on 16th of January 2023, the company is launching its new bold2025 strategy, built on a foundation of unique domestic and international assets that are truly positioned in their markets to capture growth and provide long term sustainable value for all its stakeholders.

Domestically Proximus will deploy its multi-brand strategy, continued convergent leadership and value management to capture revenue growth, with 2023 Domestic revenue expected to grow by 1% to 3%.

As of 2023, Proximus will activate its second wave of cost savings, with EUR 220 million over the next 3 years, mitigating the effects of the inflationary pressure on OpEx. For 2023 a significant headwind from inflation is expected, leading to a temporary year-on-year underlying Domestic EBITDA decline of around -3%.

The International activities provide a unique growth pathway for Proximus, allowing it to take leadership positions in double-digit growth markets. Proximus expects its International segments BICS and Telesign to deliver a high single digit direct margin growth for 2023.

In aggregate, Proximus expects to end the year 2023 with an inflation-driven decline in Group underlying EBITDA of around -3%.

Proximus expects its Group CapEx to reach its peak of around EUR 1.3 billion in 2023, primarily due to Fiber CapEx to pass, connect and activate Fiber customers and investments in Mobile for the ongoing mobile network consolidation and 5G roll-out. Inflation impacts on CapEx will be managed through CapEx optimization and efficiency programs.

The Net Debt/EBITDA ratio for 2023 is expected to be around 2.6X, allowing for sustained solid investment-grade credit ratings and near-term financing at low interest rates.

Table 10.2: outlook 2023

Guidance metric	FY22 Actuals	FY23 Outlook 1/16/2023
Underlying Domestic revenue	€ 4,478M	+[-1-3%] YoY
Domestic underlying EBITDA	€ 1,665M	Around -3% YoY
International Direct Margin	€ 377M	High single digit growth
Underlying Group EBITDA	€ 1,786M	Around -3% YoY
CapEx (excluding Spectrum & football rights)	€ 1,3Bn	Peak at around € 1.3Bn
Net debt / EBITDA	1.5x (Proximus) 2.3X (S&P)	Around 2.6X (S&P)

Shareholders return policy 2023-2025

In line with the bold2025 strategy and deriving shareholder return policy, Proximus intends to return over the result of 2023 a stable gross dividend of EUR 1.2 per share, provided a financial performance delivery in line with its strategic plan.

Over the result of 2024 and 2025, Proximus will rebase its dividend level to EUR 0.60 per share. The rebased sustainable dividend level incorporates all currently known macro and inflationary headwinds, as well as expected changes in market structure. The proposed dividend is reviewed and submitted to the Board of Directors on an annual basis, in order to keep strategic financial flexibility for future growth, organically or via selective M&A, with a clear focus on value creation. This also includes confirming appropriate levels of distributable reserves.

3 Domestic

Table 11: Domestic P&L

(EUR million)	4th Quarter			Year-to-date		
	2021	2022	% Change	2021	2022	% Change
Revenue*	1,132	1,155	2.1%	4,381	4,478	2.2%
Residential	572	576	0.7%	2,207	2,261	2.4%
Business	477	497	4.1%	1,862	1,894	1.7%
Wholesale	75	69	-8.1%	286	280	-2.1%
Other (incl. eliminations)	7	13	86.0%	26	43	64.0%
Cost of Sales	-309	-316	2.5%	-1,095	-1,118	2.1%
Direct Margin	823	839	2.0%	3,286	3,360	2.2%
<i>Direct Margin %</i>	<i>72.7%</i>	<i>72.6%</i>	<i>-0.1 p.p.</i>	<i>75.0%</i>	<i>75.0%</i>	<i>0.0 p.p.</i>
Expenses	-441	-450	2.1%	-1,633	-1,695	3.8%
Workforce expenses	-282	-285	1.2%	-1,076	-1,111	3.2%
Non Workforce expenses	-159	-165	3.7%	-556	-584	5.0%
EBITDA	382	389	1.8%	1,654	1,665	0.7%
<i>EBITDA Margin %</i>	<i>33.7%</i>	<i>33.6%</i>	<i>-0.1 p.p.</i>	<i>37.7%</i>	<i>37.2%</i>	<i>-0.6 p.p.</i>

* refers to total income

3.1 Residential Revenue

- Continued good customer growth for Mobile postpaid and Internet, respectively +23,000 and +9,000.
- Residential convergent customer base +13,000 in Q4'22, Convergent revenue +7.6% year-on-year.
- Overall ARPC +3.2% year-on-year; convergent ARPC +2.0%.
- Total residential revenue up by +0.7% for Q4'22, including a +2.6% year-on-year revenue increase for Customer Services revenue.

For the last quarter of 2022 Proximus posted for its Residential unit a revenue of **EUR 576 million, a +0.7% or EUR 4 million increase from the year before**. The slower growth rate from the previous quarters was mainly the result of Terminals revenue and low 'Other' revenue versus a high comparable base. The key Residential revenue driver, Customer Services revenue, was up for the fourth quarter 2022 by +2.6%, with customer growth and the price indexation of 1 May 2022 driving a 7.6% increase in Convergent revenue.

Over the fourth-quarter 2022 the Residential unit added +9,000 internet lines (+13,000 in the same period in 2021), bringing the total Proximus Residential internet base to 1,736,000 lines, a +2.0% increase from 12 months back, supported by the expanding Proximus' Fiber footprint and the multi-brand approach.

The Residential unit sustained a strong Mobile Postpaid growth, up +23,000 cards over the fourth quarter of 2022, in an intense promotional end of year period. Proximus' mobile growth was supported by Flex, the Scarlet and Mobile Vikings brand and subscriptions combined with mobile devices. By end-December 2022, Proximus' Residential Mobile Postpaid base reached a total of 2,720,000 cards, a +3.9% increase versus end 2021.

Sustaining good customer growth in intense competitive environment.

Reflecting the ongoing change in customer needs, the Fixed Voice line continued its steady decline, with the fourth quarter of 2022 posting a loss of -29,000 lines.

Customer services revenue growth of +2.6% YoY.

Residential Customer Services⁶ revenue amounted to EUR 448 million, +2.6% above the comparable period in 2021, resulting from the 1 May 2022 price increase.

Overall ARPC EUR 52.8, +3.2%.

For the fourth quarter of 2022, the overall ARPC rose to EUR 52.8, up by +3.2% from the same period in 2021, resulting from the price indexations coming on top of the ongoing benefit of customers moving to convergent offers at higher ARPC.

Total convergent revenue +7.6% YoY, with ARPC +2.0%.

The success of Proximus' convergent Flex offers grew the number of multi-mobile customers, overall resulting in 2.51 RGUs for the fourth quarter of 2022, a year-on-year improvement of +0.6%.

The fourth quarter **revenue from Convergent customers increased by +7.6%** year-on-year reaching EUR 264 million. Proximus grew its convergent base by +13,000 customers, reaching a total of 1,048,000 or +5.2% from 12 months back. The convergent ARPC was up by +2.0% to EUR 84.7.

Convergent 3-Play revenue +21.6% YoY.

Within the growing convergent revenue, the main contributor is the ongoing increase in **3-Play convergent** revenue. The convergent 3-Play customer base increased over the fourth quarter of 2022 by +10,000 customers, sequentially improving from the +6,000 in the third quarter, and reached a total of 422,000 customers by end-December 2022, a year-on-year growth by 13.2%. This was combined with a +4.8% increase in the 3-Play convergent ARPC, mainly reflecting the May price indexation. The increase in the customer base and ARPC drove the 3-Play convergent revenue +21.6% higher to reach EUR 105 million for the fourth quarter of 2022.

+11,000 Convergent 2-Play customers in Q4.

Following the successful launch of **2-play** offers combining Mobile with Internet, the dual-play customer base continued to grow over the fourth quarter, adding +11,000 customers. The customer growth combined with a +4.6% rise in ARPC led to a +43.6% revenue increase from the same period in 2021, to total EUR 16 million for the fourth quarter of 2022.

Steady decrease of 4-Play continued.

With the success of 3-Play and 2-Play offers, marking the decreasing relevance of the Fixed Voice line, the **4-Play** customer base continued its steady decline and was down by -8,000 for the fourth quarter of 2022. The 4-Play ARPC, supported by the price increase, was up by +1.7%. Overall, this resulted in a -3.1% revenue decrease.

Rising convergence continued to lower the Fixed-only base.

With the number of customers subscribing to Proximus' convergent offers rising, the **Fixed-only customer base** decreased further. The remaining base of Fixed-only customers, 908,000 end-December 2022, generated an ARPC of EUR 45.0, +0.6% on the previous year.

Mobile-only revenue -1.1%; reflecting upselling to fixed services of all brands.

Over the fourth quarter of 2022, the Residential unit posted EUR 60 million revenue from **Mobile-only customers**, -1.1% down from the year before. With the domestic brands Proximus, Scarlet and Mobile Vikings all offering convergent solutions, the total base of Mobile-only customers contracted by -2,000 over the last quarter of the year. All brands combined, the residential Mobile-only base totaled 868,000 customers, generating an ARPC of EUR 22.9, +0.8% year-on-year, driven by a favorable price tiering/favorable customer mix.

In addition to the above-described revenue from Residential Customer Services, the Residential unit revenue also includes revenue from Terminals, Mobile Prepaid, its Luxembourg telecom business and Other revenue.

Terminals revenue seasonally high, EUR -1 million YoY.

Fourth quarter **revenue from Terminals** is seasonally higher because of year-end promotions combining an attractively priced mobile device to a mobile subscription. For the fourth quarter 2022,

⁶ This is revenue generated by customers subscribing to Proximus' Residential different product lines, also referred to X-Play revenue.

the terminals revenue totaled EUR 67 million, only slightly down (EUR -1 million) from the comparable period in 2021.

Over the fourth quarter of 2022, revenue from **Mobile Prepaid** totaled EUR 10 million, -19.4% year-on-year. The Prepaid base decreased by -18,000 cards over the fourth quarter, with the total at 604,000 end-December 2022.

Proximus' Luxembourg telecom revenue for the residential unit totaled for the fourth quarter of 2022 EUR 36 million, up by +4.7%, mainly resulting from a higher number of mobile and fixed subscriptions and a price increase.

Other revenue
EUR -4 million YoY.

Proximus Residential posted **EUR 12 million in Other revenue** mainly covering reminder and reconnection and installation fees. As from November 2022 Mobile Vikings interconnect revenue moved to the Wholesale business unit, explaining largely the year-on-year decrease by EUR -4 million.

Table 12: Residential revenue

(EUR million)	4th Quarter			Year-to-date		
	2021	2022	% Change	2021	2022	% Change
Revenue	572	576	0.7%	2,207	2,261	2.4%
Other Operating Income	5	4	-22.4%	20	20	-2.3%
Net Revenue	567	572	0.9%	2,187	2,241	2.5%
Customer services revenues (X-play)	436	448	2.6%	1,735	1,782	2.7%
Prepaid	12	10	-19.4%	44	41	-6.4%
Terminals (fixed and mobile)	68	67	-1.9%	228	231	1.4%
Luxembourg Telco	34	36	4.7%	125	131	5.0%
Others*	17	12	-24.9%	56	56	-0.2%

* relates to other products and non recurring/non customer related revenues (e.g. decoder penalties, TV Enterprise, webadvertising, ...)

Table 13: Residential operational by product

	4th Quarter			Year-to-date		
	2021	2022	% Change	2021	2022	% Change
Park (000's)						
Fixed Voice	1,252	1,136	-9.3%	1,252	1,136	-9.3%
Internet	1,702	1,736	2.0%	1,702	1,736	2.0%
Mobile Postpaid excl. M2M	2,617	2,720	3.9%	2,617	2,720	3.9%
Mobile prepaid	669	604	-9.8%	669	604	-9.8%
Net adds (000's)						
Fixed Voice	-28	-29		-131	-116	
Internet	13	9		33	34	
Mobile Postpaid excl. M2M	32	23		124	103	
Mobile prepaid	-20	-18		-72	-65	

Table 14: Residential X-Play financials

	4th Quarter			Year-to-date		
	2021	2022	% Change	2021	2022	% Change
Customer Services Revenues (EUR million)	436	448	2.6%	1,735	1,782	2.7%
Convergent	246	264	7.6%	972	1,039	6.9%
4-Play	148	144	-3.1%	611	586	-4.2%
3-Play	86	105	21.6%	316	402	27.2%
2-Play	11	16	43.6%	45	51	15.2%
Fixed only	130	124	-5.1%	536	504	-6.1%
3-Play	62	57	-9.2%	262	234	-10.8%
2-Play	39	38	-0.5%	156	155	-0.7%
1P Fixed Voice	12	10	-17.3%	52	43	-16.8%
1P internet	17	19	8.2%	66	72	7.9%
Mobile Postpaid only	60	60	-1.1%	227	240	5.8%
ARPC (in EUR)	51.2	52.8	3.2%	52.0	52.5	1.0%
Convergent	83.1	84.7	2.0%	83.8	84.7	1.0%
4-Play	88.2	89.7	1.7%	89.4	89.5	0.2%
3-Play	80.1	84.0	4.8%	80.0	83.1	3.9%
2-Play	55.9	58.4	4.6%	55.7	57.6	3.5%
Fixed only	44.8	45.0	0.6%	45.0	45.0	0.0%
3-Play	53.6	54.1	1.0%	54.4	53.9	-0.9%
2-Play	51.9	53.6	3.3%	51.7	53.1	2.6%
1P Fixed Voice	27.4	27.3	-0.4%	27.3	27.4	0.2%
1P internet	30.8	30.2	-1.7%	30.5	30.4	0.0%
Mobile Postpaid only	22.7	22.9	0.8%	23.0	22.9	-0.4%

Table 15: Residential X-Play operational

	4th Quarter			Year-to-date		
	2021	2022	% Change	2021	2022	% Change
Customers - Total (000's)	2,839	2,823	-0.6%	2,839	2,823	-0.6%
Convergent	996	1,048	5.2%	996	1,048	5.2%
4-Play	558	531	-5.0%	558	531	-5.0%
3-Play	373	422	13.2%	373	422	13.2%
2-Play	65	95	46.6%	65	95	46.6%
Fixed only	961	908	-5.6%	961	908	-5.6%
3-Play	382	343	-10.2%	382	343	-10.2%
2-Play	247	237	-4.1%	247	237	-4.1%
1P Fixed Voice	145	120	-16.9%	145	120	-16.9%
1P internet	187	208	10.8%	187	208	10.8%
Mobile Postpaid only	882	868	-1.6%	882	868	-1.6%
% Convergent Customers - Total *	61%	64%	3.1 p.p.	61%	64%	3.1 p.p.
Average #RGUs per Customer - Total	2.49	2.51	0.6%	2.49	2.51	0.6%
Convergent	4.13	4.08	-1.1%	4.13	4.08	-1.1%
4-Play	4.69	4.71	0.5%	4.69	4.71	0.5%
3-Play	3.63	3.69	1.7%	3.63	3.69	1.7%
2-Play	2.19	2.30	5.3%	2.19	2.30	5.3%
Fixed only	2.04	2.00	-2.0%	2.04	2.00	-2.0%
3-Play	3.00	3.00	0.0%	3.00	3.00	0.0%
2-Play	1.97	1.96	-0.4%	1.97	1.96	-0.4%
1P Fixed Voice	1.01	1.01	0.0%	1.01	1.01	0.0%
1P internet	1.00	1.00	0.0%	1.00	1.00	0.0%
Mobile Postpaid only	1.14	1.14	0.2%	1.14	1.14	0.2%
Annualized full churn rate (Customer) - Total	16.1%	15.9%	-0.2 p.p.	15.3%	15.5%	0.2 p.p.
4-Play	5.5%	5.9%	0.3 p.p.	4.8%	5.7%	0.8 p.p.
3-Play	10.8%	10.4%	-0.3 p.p.	11.2%	10.4%	-0.8 p.p.
2-Play	14.6%	15.3%	0.7 p.p.	14.2%	14.6%	0.4 p.p.
1-Play	24.6%	24.0%	-0.6 p.p.	23.3%	23.5%	0.2 p.p.

* (i.e. % of Customers having Mobile + Fixed component)

3.2 Business Revenue

- Business posts fourth quarter revenue of EUR 497 million, +4.1% year-on-year.
- Strong increase in IT equipment revenue driven by catch-up on supply-chain backlog, recurring IT services driving a +1.0% revenue growth.
- Revenue Fixed Data Services +2.7% driven by Internet, with ARPU +4.6% and Internet base +0.7%.
- Strong +2.9% mobile customer growth and improving Mobile ARPU erosion to -1.2%.
- Growth in Fixed Data and IT services for large part offsetting Fixed Voice erosion.

The fourth-quarter 2022 revenue of the Business unit totaled EUR 497 million, a +4.1% increase from the 2021 comparable basis. Revenue from Business Services totaled EUR 398 million, continuing its slight erosion, down by -0.9% year-on-year. The eroding revenue from Fixed Voice was partly compensated for by higher revenue from Fixed Data and IT services. IT equipment revenue was up strongly, driven by a further catch-up in previously delayed customer installations due to the global chipset supply chain issues.

The Business Services revenue from Fixed Data Services totaled EUR 115 million for the fourth quarter 2022, continuing its positive trajectory with a +2.7% increase compared to the last quarter of 2021.

Within the Fixed Data revenue mix, the revenue growth was mainly driven by further improving revenue from Internet services. This was explained by a progressing Broadband ARPU, EUR 43.4 for the fourth quarter of 2022, +4.6% up from the previous year, mainly benefitting from the price indexations, improved price tiering and a growing share of Fiber in the total internet park. Over the last 3 months of 2022 the Business Internet base remained fairly stable at 438,000, and was up by +0.7% compared to one year back.

Besides growing Internet revenue, Data connectivity revenue remained relatively stable year-on-year. The growing Fiber park supported Proximus' Explore solutions, partly offset by the ongoing legacy outphasing and SDWAN offering more attractive customer connectivity pricing.

Over the fourth quarter of 2022, Proximus' Business unit posted Mobile Services revenue of EUR 116 million, virtually stable to the same period in 2021. A main revenue driver remains the solid growth of the Mobile customer base, up by +51,000 Postpaid cards over the past twelve months or +2.9%. This includes an increase by +15,000 cards over the past three months. This brought the total to 1,797,000 cards, excluding M2M. The mobile ARPU decline continued to become smaller, and was for the fourth quarter of 2022 limited to a year-on-year erosion by -1.2% to EUR 19.1. The resulting revenue growth from Mobile Voice and Data was however offset by a year-on-year revenue decrease in Mobile network services, on a high comparable base in 2021, which benefited from A2P messaging in the context of Covid-19.

The Business unit continued to grow its M2M park with an additional 62,000 M2M cards activated over the past three months. The sequential slow down results from the completion of a major smart metering project. At end-December 2022, Proximus M2M base totaled 3,960,000 M2M cards. This is an increase by +18.1% from one year back.

Proximus' Business unit posted for its IT Services revenue of EUR 103 million, +1.0% compared to the previous year. High-value recurring services continued to grow, with especially a good performance in Cloud and Security services, which was partially offset by lower one-shot services. The sequential growth in IT recurring services reflects the ongoing transformation of the Business unit into a convergent player, with focus on higher-margin next generation IT services.

Fixed Data revenue +2.7%.

Internet ARPU +4.6%, Internet base +0.7% YoY.

YoY stable Mobile revenue. Growing base offsetting contained -1.2% ARPU decline.

Proximus maintaining its M2M leadership position.

IT services revenue +1.0%.

Fixed Voice revenue down on base erosion and lower ARPU.

Revenue from Fixed Voice declined by -10.4% or EUR -7 million compared to the last quarter of 2021. The favorable evolution of PABX services was more than offset by the Fixed Voice revenue decline. The Fixed Voice park continued its steady decrease, -11.2% over the past 12 months. The line loss by -24,000 for the fourth quarter of 2022 includes -4,000 lines related to the one-off positive recorded in the third quarter now reversing. The ARPU declined by -2.6% to EUR 26.4, with the ongoing lower usage of the Fixed Voice line and competitive price pressure offsetting the benefit from the 1 January 2022 price indexation

Product revenue up by EUR 22 million YoY.

The revenue from Products for the last quarter of 2022 was up by EUR 22 million from the comparable period in 2021, or +31.9%. With the revenue from Mobile Terminals remaining stable year-on-year, the increase entirely resulted from high IT hardware revenue. The last 3 months of 2022 benefitted from a continued catch-up on some previously delayed product contracts following the difficult worldwide chip supply chain situation.

Table 15: Business revenue

(EUR million)	4th Quarter			Year-to-date		
	2021	2022	% Change	2021	2022	% Change
Revenue	477	497	4.1%	1,862	1,894	1.7%
Other Operating Income	1	2	85.3%	4	8	77.9%
Net Revenue	476	495	4.0%	1,858	1,887	1.6%
Services	402	398	-0.9%	1,597	1,587	-0.6%
Fixed Voice	71	64	-10.4%	298	270	-9.4%
Fixed Data	112	115	2.7%	447	461	3.2%
Mobile	116	116	-0.3%	464	466	0.3%
IT	102	103	1.0%	388	391	0.8%
Products	68	90	31.9%	236	272	15.0%
Terminals (fixed and mobile)	21	21	0.5%	78	71	-9.5%
IT	47	69	45.8%	158	201	27.2%
Luxembourg Telco	7	8	13.5%	24	27	13.3%

Table 16: Business operationals

	4th Quarter			Year-to-date		
	2021	2022	% Change	2021	2022	% Change
Park (000's)						
Fixed Voice lines	706	627	-11.2%	706	627	-11.2%
Broadband lines	435	438	0.7%	435	438	0.7%
Mobile postpaid cards excl. M2M	1,746	1,797	2.9%	1,746	1,797	2.9%
M2M cards	3,355	3,960	18.1%	3,355	3,960	18.1%
Net adds (000's)						
Fixed Voice lines	-17	-24		-80	-79	
Broadband lines	2	0		6	3	
Mobile postpaid cards excl. M2M	17	15		58	51	
M2M cards	153	62		996	606	
ARPU (EUR)						
Fixed Voice	27.1	26.4	-2.6%	27.5	27.1	-1.8%
Broadband	41.5	43.4	4.6%	41.5	42.9	3.5%
Mobile postpaid	19.4	19.1	-1.2%	20.0	19.4	-3.0%

3.3 Wholesale Revenue

Table 17: Wholesale revenue

(EUR million)	4th Quarter			Year-to-date		
	2021	2022	% Change	2021	2022	% Change
Revenue	75	69	-8.1%	286	280	-2.1%
Other Operating Income	2	0	nr	2	0	nr
Net Revenue	73	69	-5.6%	284	280	-1.5%
Fixed & Mobile wholesale services	32	35	7.8%	120	140	16.5%
Interconnect	41	34	-16.2%	164	140	-14.7%

Proximus posted for its Wholesale unit a fourth quarter 2022 **revenue of EUR 69 million, a -8.1% or EUR -6 million decrease** compared to the same period of 2021. This includes lower other operating income for EUR 2 million posted in the fourth quarter of 2021 related to the release of a one-off longstanding provision. The remaining decrease is fully related to low-margin interconnect revenue.

For the last quarter of 2022 **Interconnect revenue totaled EUR 34 million**, i.e. stable to the previous quarter but a **-16.2%** or EUR -7 million decrease compared to the same period of 2021, with no meaningful margin impact. The year-on-year revenue decline reflects the ongoing decrease in traditional messaging and the EU regulation which lowered the Fixed & Mobile Termination rates as from 1 January 2022.⁷

Revenue generated by **Fixed and Mobile wholesale services** continued its growing trend, up from the previous year by **+7.8%**, totaling EUR 35 million. Within the mix, revenue from wholesale Mobile services were up year-on-year as result of an increased number of MVNO customers on Proximus' open network, with the growth rate slowing sequentially due to the annualization of a large contract in the last quarter of 2022. Revenue from services towards Mwingz and Proximus' Fiber Joint Ventures continued their upward trend.

⁷ As from November 2022, Mobile Vikings interconnect revenue moved from the Residential unit to the Wholesale unit, with very limited net impact.

3.4 Domestic OpEx and EBITDA

Q4 2022

For its Domestic operations, Proximus posted an **EBITDA of EUR 389 million** for the fourth quarter of 2022, **+1.8%** from a low comparable base, and resulting from the year-on-year increase in Domestic direct margin, partly offset by higher operating costs.

The fourth quarter **Domestic operating expenses totaled EUR 450 million, +2.1%** on an easier comparable base in 2021. The year-on-year rise was mainly driven by inflationary cost increases, including the effect of 5 inflation-based salary indexations. This was partially offset by a lower Domestic headcount, down by -151 FTEs to a total of 10,427 FTEs, and by other efficiencies. Moreover, customer related costs were up, as well transformation costs, including the company's Datacenter transformation.

FY 2022

For the full-year 2022, the **Domestic operations of Proximus posted EUR 1,665 million EBITDA**, a year-on-year increase +0.7%. The increase in Domestic direct margin, up by +2.2% to a total of EUR 3,360 million, was in part offset by +3.8% higher operating expenses. This increase from 2021 includes a significant inflationary impact on the Domestic cost base, as well as higher costs to support the customer growth, especially for Fiber, and an increase in transformational costs. This was in part offset by the company's ongoing cost-efficient program, which delivered a total of EUR 230 million of savings over the 3-year period 2020-2022. The Domestic workforce expenses totaled for the year 2022 EUR 1,111 million, an increase by +3.2%, highly driven by the automatic adjustment of wages to inflation. The Domestic non-workforce expenses were up by +5.0% for 2022, including inflationary impacts on the company's energy cost. Following a nearly full hedging of electricity at an advantageous average price, the year-on-year rise in energy costs was well contained.

4 Telesign

- Q4'22 revenue +61.5% YoY, with strong growth for both Digital Identity and Communication.
- Direct margin +48.7%, reflecting continued robust profitability of both segments.
- Increased Net Revenue Retention of 147% for the fourth quarter, up YoY from 110%.
- Growth in Direct Margin compensated for higher operating expenses following growth investments.
- Sales bookings, indicator of direct margin opportunity, continued to grow in Q4'22, including some one-off opportunities.

Q4 2022

Following a strong performance of both Communications and Digital Identity, Telesign closed the year with fourth quarter revenue of **EUR 140 million**, a **year-on-year increase of +61.5%** (+46.9% on a constant currency basis⁸) and **EUR 34 million direct margin, up by +48.7%** (on a constant currency basis, this was +22.5%). Telesign's **direct margin as a percentage of revenue** was 24.3%.

The Net Revenue Retention (NRR) rate, seasonally high, further improved for the fourth quarter to 147%, compared with 110% in the same period of 2021.

Revenue and direct margin from **Communications services** was positively impacted a strong performance of Telesign's largest Communication customers, driven by general e-commerce seasonality (Black Friday, Thanksgiving, Christmas). Furthermore, Telesign benefitted from price increases in certain markets, as well as from favorable currency movements.

The growth in the **Digital Identity segment** reflected the strong volume growth from key customers, new use cases, and new customer wins.

As part of its strategy, Telesign build out its Latam activities with a presence in Columbia and launched its self-service portal to address new customer segments.

Following the anticipated investments to support Telesign's growth ambitions, with hiring of specifically skilled talents, higher marketing expenses, and product investments for Digital Identity, Telesign's operating expenses increased by EUR 13 million year-on-year to a total of EUR 34 million for the fourth quarter of 2022.

These growth investments were fully offset by the strong direct margin growth, leading to the fourth quarter **EBITDA being breakeven**, compared to EUR 2 million one year ago.

FY 2022

Telesign posted strong revenue growth over 2022, increasing year-on-year by +44.5% to a total of EUR 473 million, reflecting strong performance of the Communications business and acceleration of new business in Digital Identity. The year-on-year comparison was also favorably impacted by currency movements. On constant currency basis, the Telesign revenue was up by 29.9%. The net revenue retention improved to 130% compared to 123% one year back.

Telesign's 2022 direct margin was up by +43.0% year-on-year to EUR 114 million reflecting strong performance in both Communications and Digital identity segments, and including a strong tailwind from currency effects. On constant currency basis, Telesign's direct margin was up year-on-year by +13.5%.

Following the anticipated headcount investments to support Telesign's growth ambitions, in Telesign's go-to-market and R&D organization, operating expenses increased by EUR 50 million year-on-year, to a total of EUR

⁸ Provides a view of the business performance, filtering out the currency effects by using a constant currency.

112 million for 2022. These investments were reflected in its EBITDA, totalling EUR 1 million for 2022, a decrease by EUR-16 million from one year ago.

Table 18: Telesign P&L

(EUR million)	4th Quarter			Year-to-date		
	2021	2022	% Change	2021	2022	% Change
Revenue*	87	140	61.5%	327	473	44.5%
Costs of Sales	-64	-106	66.1%	-248	-360	45.0%
Direct Margin	23	34	48.7%	79	114	43.0%
<i>Direct Margin %</i>	<i>26.4%</i>	<i>24.3%</i>	<i>-2.1 p.p.</i>	<i>24.2%</i>	<i>24.0%</i>	<i>-0.2 p.p.</i>
Expenses	-20	-34	64.9%	-63	-112	79.3%
Workforce Expenses	-12	-21	68.8%	-42	-71	67.8%
Non-workforce Expenses	-8	-13	58.8%	-20	-41	">100%"
EBITDA	2	0	-86.0%	17	1	-93.5%
<i>EBITDA Margin %</i>	<i>2.8%</i>	<i>0.2%</i>	<i>-2.6 p.p.</i>	<i>5.1%</i>	<i>0.2%</i>	<i>-4.9 p.p.</i>

* Refers to total income

5 BICS

- Q4'22 revenue +20.4%, driven by growing revenue from both Enterprise and Telecom customers.
- Core services revenue up +20.6% driven by increased travelling compared to 2021.
- Cloud communication services main the driver of +30.5% increase in Growth revenue.
- Direct Margin +12.3%, including strong contribution of all 3 services.
- Q4'22 EBITDA up by +3.5%, reaching EUR 26 million. Excluding non-structural expenses, the EBITDA growth would have been in line with the increase posted for the past two quarters.

Q4 2022 For the fourth quarter of 2022, **BICS posted revenues of EUR 311 million. The year-on-year increase of +20.4%** from the comparable period in 2021 was driven by both ongoing strong revenue from BICS' Enterprise customer revenue, up by +40.0% from the fourth quarter 2021, while BICS' Telecom revenue too showed a strong 15.8% growth compared to the year before.

BICS' total year-on-year revenue increase was driven by a solid growth for all its Services: Growth, Core and Legacy.

+20.6% Core revenue The revenue growth from **Core services** increased by +20.6%; or EUR +20 million from its comparable basis in 2021, leading to a total of EUR 118 million. This was driven by year-on-year higher mobility services and messaging revenue thanks to a strong post-Covid travel uptake.

Growth revenue +30.5% For BICS' **Growth services**, a total revenue of **EUR 17 million** was posted a **+30.5%** growth from the comparable period in 2021. This resulted primarily from a strong traction for cloud communication amongst world leading digital companies, further complemented by growing revenue from IoT and Fraud prevention services.

Legacy revenue +19.3% Largely driven by a favorable revenue destination mix, low-margin **Legacy services** revenue **increased to EUR 177 million, up by +19.3%.**

Direct margin +12.3% BICS grew its fourth-quarter 2022 underlying **direct margin to EUR 66 million, up by +12.3%**, with the direct margin growth coming from all three services. With Covid travel restrictions having ended, the normal seasonality re-appears, with the fourth quarter coming down from a strong third quarter driven by northern hemisphere summer travel.

Q4 EBITDA +3.5% BICS' **EBITDA totaled EUR 26 million** for the last quarter of 2022, a **+3.5% increase** from the same period in 2021. In addition to higher energy and wage costs, the EBITDA was impacted by exceptionally high expenses, of which approximately EUR 4 million should be considered as non-structural, including amongst others performance-related labour expenses. When excluding the non-structural costs, the fourth quarter EBITDA growth would have been similar to the previous two quarters.

FY 2022 For the **full-year 2022**, the **revenue of BICS amounted to EUR 1,132 million**, a year-on-year **revenue increase of +13.3%**. Within the mix, BICS Telecom customers generated a total revenue of EUR 884 million, an increase by 8.2% from the prior year. Revenue from international enterprise customers is the fastest growing part, up year-on-year by 36.2% to a total of EUR 249 million. The growth in revenue was driven by all 3 product groups: Core, Growth and Legacy.

For 2022, BICS posted a direct margin of **EUR 263 million**, +15.9% compared to 2021, with BICS having fully recovered from Covid-19 related reduction in world-wide travel, which impacted Mobility services.

BICS' 2022 EBITDA amounted to EUR 120 million, +18.1% compared to previous year following a strong growth in direct margin, partly offset by higher operating expenses, of which part non-structural.

Table 19: BICS P&L

(EUR million)	4th Quarter			Year-to-date		
	2021	2022	% Change	2021	2022	% Change
Revenue by nature*	259	311	20.4%	999	1,132	13.3%
Core	97	118	20.6%	386	436	12.9%
Growth	13	17	30.5%	43	66	54.0%
Legacy	148	177	19.3%	570	630	10.6%
Revenue by customer segment*	259	311	20.4%	999	1,132	13.3%
Enterprise	49	68	40.0%	183	249	36.2%
Telecom	210	243	15.8%	816	884	8.2%
Costs of Sales	-200	-246	22.7%	-772	-869	12.6%
Direct Margin	58	66	12.3%	227	263	15.9%
<i>Direct Margin %</i>	<i>22.6%</i>	<i>21.1%</i>	<i>-1.5 p.p.</i>	<i>22.7%</i>	<i>23.2%</i>	<i>0.5 p.p.</i>
Expenses	-33	-40	18.9%	-126	-143	14.1%
Workforce Expenses	-20	-24	18.2%	-75	-85	13.6%
Non-workforce Expenses	-13	-16	20.1%	-51	-58	14.8%
EBITDA	25	26	3.5%	102	120	18.1%
<i>EBITDA Margin %</i>	<i>9.7%</i>	<i>8.4%</i>	<i>-1.4 p.p.</i>	<i>10.2%</i>	<i>10.6%</i>	<i>0.4 p.p.</i>

* Refers to total income

6 Consolidated Financial Statements

The statutory auditor confirmed that the audit of the company's consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium, is substantially completed. The statutory auditor confirmed the condensed consolidated financial statements are derived from the consolidated financial statements at 31 December 2022, which were authorized for issue by the Board of Directors on 16 February 2023. The condensed consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted for use in the European Union.

6.1 Accounting policies

The accounting policies and methods of the Group used as of 2022 are consistent with those applied in the 31 December 2021 consolidated financial statements, with the exception that the Group applied the new standards, interpretations and revisions that became mandatory for the Group on 1 January 2022. These have no impact on the Group's financial statements.

In 2022, the accounting policy regarding the recognition of football broadcasting rights and all other multi-seasonal sport broadcasting rights, was updated to better reflect the fact that these contracts provide long term rights and obligations to Proximus. The updated policy foresees to capitalize the football broadcasting rights, and all other multi-seasonal sport broadcasting rights, for the full contract duration together with the recognition of the corresponding liability (for the full contract duration). In the previous accounting policy, these rights and the corresponding liability were recognized by season. This update does not impact the income statement, the equity statement nor the cash flow statement. Comparative figures of 2021 have been restated as summarized below to reflect the updated accounting policy.

	As at 1st January		As at 1st January
(EUR million)	2021	Restatement	2021 Restated
Intangible assets with finite useful life	1,047	184	1,231
Other non-current payables	102	154	256
Trade payables	1,213	30	1,244

	As at 31 December		As at 31 December
(EUR million)	2021	Restatement	2021 Restated
Intangible assets with finite useful life	1,113	151	1,265
Other non-current payables	102	118	220
Trade payables	1,515	34	1,548

CapEx reconciliation of the change in accounting policy regarding the recognition of football broadcasting rights

(EUR million)	2020	2021	2022
Capex considering new accounting policy	1,237	1,246	1,923
Capex considering previous accounting policy	1,053	1,279	1,976

6.2 Judgements and estimates

The Group does not make any significant judgments and estimates other than those mentioned under Note 2 in the 31 December 2021 consolidated financial statements, and other than those mentioned below in this report.

Assessment of control on entities incorporated in the context of fiber network deployment

Proximus co-created three separate companies, Fiberklaar, Unifiber and Glasfaser Ostbelgien, to help it accelerating the fiber roll-out in respectively Flanders, Wallonia and in the German-speaking Community.

Proximus concluded that it was not controlling alone those three entities as the decisions about the activities identified as relevant within the context of the arrangements signed with the co-investors are not taken alone by Proximus. These decisions were about essentially the approval of the budget, the appointment and dismiss of senior management, the commercialization of the offer, the building of the network. Furthermore, Proximus expected, based on the information available to it when it concluded that it was not controlling these entities, that it would not substantially be the only source of cash flows contributing to the continuity of the operations of the arrangements by these entities.

On that basis, the Group concluded that the investments in Fiberklaar, Unifiber and Glasfaser Ostbelgien, qualify currently and respectively as associate, joint venture and associate. These conclusions are monitored periodically to the light of those criteria, underlying facts, governance and existing agreements between shareholders or with the companies.

6.3 Significant events or transactions in 2022

Redevelopment of the Proximus headquarters in Brussels

On 14 March 2022, Proximus and ImmoBel reached a binding agreement regarding the redevelopment of Proximus' headquarters in Brussels. The works should start in 2024 and should be finished by the end of 2026. The renovated building will not only be used by Proximus, but also by other companies and will also contain residential spaces, public accommodation, retail, etc.

As a result of the agreement, Proximus acquired rights and gave commitments to dispose of property, plant and equipment (end 2023) for a sales price of EUR 143 million, in that case followed by a lease-back of part of the renovated building (as from 2027). Proximus will defer the gain on the sale of the headquarters over the lease duration (20 years). This gain will materialize through a reduction of the Right of Use asset, hence the D&A charges.

The assets of Proximus headquarters are classified as held for sale at December 2022 for their book value (EUR 99 million).

Partnership with HCL Technologies

In 2021 Proximus entered into a partnership with HCL Technologies whereby that company operates and maintains Proximus' private cloud infrastructure. The partnership foresaw a transition phase, that started in October 2021 and that was finished in February 2022.

HCL and Proximus concluded an asset financing arrangement (nominal amount of EUR 65 million) for the infrastructure that remains in the Proximus datacenters and under Proximus control which is recognized as

a finance lease for which Proximus has an obligation to repurchase the assets. On top of that financing for existing assets the partnership includes a lease for the renewal of infrastructure (€17 million at end 2022).

Interest rate swap

In order to hedge its exposure to the variability in cash flows that is attributable to long-term interest rate risk associated with high probable issuances of bonds, the group entered into 10 years forward starting interest rate swaps for a notional amount of EUR 1.1 billion to (early) refinance the bond maturities in April 2024 (as from October 2023) and November 2025 (as from April 2025) and into a 7 years forward starting interest rate swap for a notional amount of 500 million for the issuance of a bond in March 2023. The group applies hedge accounting for these derivatives.

Acquisition Spectrum Rights

The first phase of the spectrum auction, organized by regulator BIPT, concluded on 20th June, 2022. Proximus acquired substantive spectrum rights in the 900 MHz, 1800 MHz and 2100 MHz band, as well as in the newly auctioned 700 MHz and 3600 MHz bands, essential for a large-scale 5G deployment. These spectrum licenses represent a total investment of EUR 491 million for a period of 20 years (18 years for the 3600 MHz band) which is recognized as intangible fixed asset and payable by annual installments over the same period. In addition to this spectrum package Proximus secured on the 20th of July, 2022 45 Mhz of spectrum in the 1400 MHz band for a total investment of EUR 109 million for a period of 20 years.

Business combination Telesign and NAAC has been terminated

The business combination agreement between Proximus' fast-growing US-based subsidiary Telesign and NAAC, dated December 16, 2021, has been terminated, as the customary conditions required to close the transaction were not met by June 30 as stipulated in the business combination agreement. As a consequence the costs related to the transaction were recognized in P&L. The funding needs of Telesign to realise its published growth trajectory are estimated to be around USD 40 million, spread over the 2022-2024 timeframe. Proximus will be considering different routes for this funding.

Partnership between BICS and Ooredoo Group

BICS has entered into multiyear contractual agreements whereby BICS will manage end-to-end traffic for operators. These agreements include a commitment (subject to satisfying certain conditions on ongoing basis) from BICS to send inbound traffic to certain operators for an aggregated amount not exceeding EUR 50 million per annum with a maximum duration of 3 years.

Remeasurement pension asset and other post-employment benefit liability

The actuarial assumptions used in the 2021 financial statements for defined benefit plans have been updated to reflect the impact of the significant evolutions during the year. Per 31 December 2022, the discount rate increased to 3.50% versus 1.05% per 31 December 2021. The related impact was partly offset by an increase in inflation rate from 2.15% per 31 December 2021 to 3,00% per 31 December 2022 and lower than expected return of plan assets. The net impact resulted in an increase of EUR 61 million of the defined benefit pension plan surplus and a decrease EUR 70 million of the net liability for post-employment benefits other than pensions.

Others

On 1 July 2022, Proximus transferred the activities related to the Doktr application to this new company, Doktr SRL. Doktr aims to become an integral part of the healthcare offering, facilitating video consultations in an accessible, secure and user-friendly manner.

In September 2022, Proximus set up "Glasfaser Ostbelgien" or GO Fiber, a public-private partnership with the German-speaking Community and Ethias. Its objective is to connect almost all of the 40.000 homes and businesses in this region, including in the so-called "white zones". Proximus owns 49.96% of Glasfaser Ostbelgien. The arrangement qualifies as associate under IAS 28.

6.4 Consolidated income statement

(EUR million)	4th Quarter			Year-to-date		
	2021	2022	% Change	2021	2022	% Change
Net revenue	1,428	1,548	8.4%	5,537	5,853	5.7%
Other operating income	13	11	-17.9%	42	60	44.4%
Total income	1,441	1,559	8.2%	5,579	5,914	6.0%
Costs of materials and services related to revenue	-541	-623	15.2%	-1,997	-2,186	9.4%
Workforce expenses	-316	-347	9.7%	-1,200	-1,301	8.4%
Non workforce expenses	-159	-170	7.3%	-554	-601	8.4%
Total operating expenses before depreciation & amortization	-1,016	-1,140	12.3%	-3,751	-4,088	9.0%
Operating income before depreciation & amortization	425	419	-1.6%	1,828	1,826	-0.1%
Depreciation and amortization	-295	-303	2.7%	-1,183	-1,179	-0.4%
Operating income	130	116	-11.2%	645	647	0.4%
Finance income	0	0	<-100%	4	4	-2.1%
Finance costs	-17	-10	-40.4%	-58	-53	-7.6%
Net finance costs	-16	-10	-37.0%	-54	-49	-8.0%
Share of loss on associates and JV	-5	-9	98.5%	-10	-20	97.5%
Income before taxes	110	96	-12.0%	581	578	-0.5%
Tax expense	-23	-15	-32.3%	-137	-128	-6.0%
Net Income	87	81	-6.7%	445	450	1.1%
Attributable to:						
Equity holders of the parent (Group share)	87	81	-6.6%	443	450	1.5%
Non-controlling interests	0	0	-	1	0	<-100%
Basic earnings per share	0.27	0.25	-6.5%	1.37	1.40	1.6%
Diluted earnings per share	0.27	0.25	-6.5%	1.37	1.40	1.6%
Weighted average number of outstanding shares	322,731,647	322,392,270	-0.1%	322,751,990	322,552,465	-0.1%
Weighted average number of outstanding shares for diluted earnings per share	322,731,647	322,392,270	-0.1%	322,751,990	322,552,465	-0.1%

6.5 Consolidated statements of other comprehensive income

(EUR million)	4th Quarter		Year-to-date	
	2021	2022	2021	2022
Net income	87	81	445	450
Other comprehensive income:				
Items that may be reclassified to profit and loss:				
Exchange differences on translation of foreign operations	4	-16	15	10
Cash flow hedges:				
Gain/(Loss) taken to equity	-11	12	-13	204
Transfer to profit or loss for the period	-1	0	-2	0
Total before related tax effects	-7	-4	1	215
Related tax effects				
Cash flow hedges:				
Gain/(Loss) taken to equity	0	0	3	-51
Income tax relating to items that may be reclassified	0	0	4	-51
Total of items that may be reclassified to profit and loss, net of related tax effects	-7	-4	4	163
Items that will not be reclassified to profit and loss:				
Remeasurement of net defined benefit obligations	142	-17	142	125
Total before related tax effects	142	-17	142	125
Related tax effects				
Remeasurement of defined benefit obligations	-35	3	-35	-19
Income tax relating to items that will not be reclassified	-35	3	-35	-19
Total of items that will not be reclassified to profit and loss, net of related tax effects	106	-14	106	106
Total comprehensive income	186	63	555	719
Attributable to:				
Equity holders of the parent	189	60	553	719
Non-controlling interests	0	0	3	0

6.6 Consolidated balance sheet

(EUR million)	As of 31 December 2021 restated	As of 31 December 2022
ASSETS		
Non-current assets	7,699	8,589
Goodwill	2,588	2,595
Intangible assets with finite useful life	1,265	1,779
Tangible assets: Property, plant and equipment	3,311	3,531
Right-of-use asset	274	277
Lease receivable	6	7
Contract costs	110	111
Investments in associates and JV	34	43
Equity investments measured at fair value	1	1
Deferred income tax assets	6	5
Pension assets	80	140
Other non-current assets	24	99
Current assets	1,685	1,952
Inventories	132	187
Trade receivables	879	938
Contract assets	120	137
Current tax assets	166	24
Other current assets	140	269
Cash and cash equivalents	249	299
Assets classified as held for sale	0	99
TOTAL ASSETS	9,384	10,541
LIABILITIES AND EQUITY		
Equity	2,978	3,308
Shareholders' equity attributable to the parent	2,978	3,307
Non-controlling interests	0	1
Non-current liabilities	3,897	4,231
Interest-bearing liabilities	2,737	2,676
Lease liabilities	204	199
Liability for pensions, other post-employment benefits and termination benefits	447	361
Provisions	153	136
Deferred income tax liabilities	136	181
Other non-current payables	220	679
Current liabilities	2,509	3,002
Interest-bearing liabilities	252	588
Lease liabilities	69	73
Liability for pensions, other post-employment benefits and termination benefits	62	52
Trade payables	1,548	1,620
Contract liabilities	135	127
Tax payables	11	16
Other current payables	432	526
TOTAL LIABILITIES AND EQUITY	9,384	10,541

6.7 Consolidated cash flow statement

(EUR million)	4th Quarter			Year-to-date		
	2021	2022	Change	2021	2022	Change
Cash flow from operating activities						
Net income	87	81	-6.7%	445	450	1.1%
Adjustments for:						
Depreciation and amortization	295	303	2.7%	1,183	1,179	-0.4%
Impairment on current and non-current assets	1	0	-86.8%	2	0	-84.7%
Increase/(decrease) of provisions	-2	-18	>100%	9	-19	<-100%
Deferred tax expense/ (income)	-3	-7	>100%	-12	-24	96.0%
Loss from investments accounted for using the equity method	5	9	98.5%	10	20	97.5%
Fair value adjustments on financial instruments	1	0	-11.0%	1	1	-21.1%
Adjustments for finance cost	-2	0	>100%	-2	0	>100%
Gain on disposal of property, plant and equipment	-1	0	-40.0%	-1	-4	>100%
Operating cash flow before working capital changes	381	368	-3.4%	1,634	1,602	-2.0%
Decrease/ (Increase) in inventories	-1	0	-40.9%	-26	-55	>100%
Decrease/ (Increase) in trade receivables	-11	38	>100%	11	-62	<-100%
Decrease/ (Increase) in other assets	-141	25	>100%	-54	120	>100%
Increase/(decrease) in trade payables	92	15	-83.9%	144	52	-63.7%
Increase/(decrease) in other liabilities	-48	23	>100%	-15	92	>100%
Increase/(decrease) in net liability for pensions, other post-employment benefits and termination benefits	-17	-3	-80.6%	-74	-31	-58.3%
Increase in working capital, net of acquisitions and disposals of subsidiaries	-126	96	>100%	-13	116	>100%
Net cash flow provided by operating activities (1)	256	465	81.8%	1,621	1,717	6.0%
Cash flow from investing activities						
Cash paid for acquisitions of intangible assets and property, plant and equipment	-277	-341	23.0%	-1,137	-1,441	26.8%
Cash paid for investments in associates and joint ventures	0	0	>100%	-44	-30	-31.9%
Cash paid for acquisition of consolidated companies, net of cash acquired	0	0	<-100%	-130	-3	-97.9%
Net cash received from sales of property, plant and equipment and other non-current assets	3	3	-9.5%	6	13	>100%
Net cash used in investing activities	-274	-337	23.2%	-1,305	-1,461	12.0%
Cash flow before financing activities	-18	127	>100%	316	256	-18.9%
Lease payments (excl. interest paid)	-21	-29	37.6%	-79	-89	12.0%
Free cash flow (2)	-39	98	>100%	237	167	-29.3%
Cash flow from financing activities other than lease payments						
Dividends paid to shareholders	-161	-161	-0.1%	-388	-387	-0.1%
Dividends to and transactions with non-controlling interests	0	0	-	-217	2	>100%
Net sale/(purchase) of treasury shares	0	0	>100%	2	-5	<-100%
Decrease/(increase) of shareholders' equity	0	2	>100%	-1	0	-58.0%
Cash paid for matured cash flow hedge instrument related to long term debt	-12	0	>100%	-13	0	>100%
Asset financing arrangements	0	93	-	0	47	-
Issuance of long term debt	730	-94	<-100%	730	0	-100.0%
Repayment of long term debt	-500	-2	-99.6%	-502	-1	-99.8%
Issuance/(repayment) of short term debt	74	163	>100%	89	226	>100%
Cash flows used in financing activities other than lease payments	131	1	-98.9%	-299	-119	-60.3%
Exchange rate impact	0	-2	<-100%	1	1	30.7%
Net increase/(decrease) of cash and cash equivalents	92	98	6.6%	-62	50	>100%
Cash and cash equivalents at 1 January				310	249	-19.9%
Cash and cash equivalents at the end of the period				249	299	20.1%
(1) Net cash flow from operating activities includes the following cash movements :						
Interest paid				-46	-51	
Interest received				1	2	
Income taxes paid				-198	-4	
(2) Free cash flow: cash flow before financing activities and after lease payments						

6.8 Consolidated statements of changes in equity

(EUR million)	Issued capital	Treasury shares	Restricted reserve	Equity instruments and hedge reserve	Other re-measurement reserve	Foreign currency translation	Stock Compensation	Retained Earnings	Shareholders' Equity	Non-controlling interests	Total Equity
Balance as at 1 January 2021	1,000	-423	100	4	-208	-8	3	2,434	2,903	123	3,026
Total comprehensive income	0	0	0	-11	106	14	0	443	553	3	555
Dividends to shareholders (relating to 2019)	0	0	0	0	0	0	0	-226	-226	0	-226
Interim dividends to shareholders (relating to 2020)	0	0	0	0	0	0	0	-161	-161	0	-161
Changes in shareholders' equity	0	0	0	0	0	0	0	-92	-92	-126	-218
Treasury shares											
Sale of treasury shares	0	1	0	0	0	0	0	1	2	0	2
Stock options											
Stock forfeited	0	0	0	0	0	0	-3	3	0	0	0
Total transactions with equity holders	0	1	0	0	0	0	-3	-475	-477	-126	-603
Balance as at 31 December 2021	1,000	-422	100	-7	-102	7	0	2,403	2,978	0	2,978
Total comprehensive income	0	0	0	154	106	10	0	450	719	0	719
Dividends to shareholders (relating to 2020)	0	0	0	0	0	0	0	-226	-226	0	-226
Interim dividends to shareholders (relating to 2021)	0	0	0	0	0	0	0	-161	-161	0	-161
Changes in shareholders' equity	0	0	0	0	0	0	0	2	2	1	3
Treasury shares											
Sale of treasury shares	0	-3	0	0	0	0	0	-2	-5	0	-5
Total transactions with equity holders	0	-3	0	0	0	0	0	-388	-390	1	-390
Balance as at 31 December 2022	1,000	-425	100	147	4	16	0	2,465	3,307	1	3,308

6.9 Segment reporting

See reconciliation of reported and underlying figures in section 7.2.

As at 31 December 2022								
(EUR million)	Proximus Group				Underlying by segment			
	Reported (IFRS 16)	Lease depreciation and interest	Incidental	Underlying	Domestic	BICS	TeleSign	Eliminations
Net revenue	5,853	0	0	5,853	4,416	1,130	473	-166
Other operating income	60	0	-5	56	62	2	1	-9
Total income	5,914	0	-5	5,909	4,478	1,132	473	-174
Costs of materials and services related to revenue	-2,186	-1	0	-2,187	-1,118	-869	-360	159
Direct margin	3,728	-1	-5	3,722	3,360	263	114	-15
Workforce expenses	-1,301	0	36	-1,265	-1,111	-85	-71	2
Non workforce expenses	-601	-83	13	-671	-584	-58	-41	13
Total other operating expenses	-1,902	-83	49	-1,936	-1,695	-143	-112	15
Operating income before depreciation & amortization	1,826	-84	44	1,786	1,665	120	1	0
Depreciation and amortization	-1,179							
Operating income	647							
Net finance costs	-49							
Share of loss on associates	-20							
Income before taxes	578							
Tax expense	-128							
Net income	450							
Attributable to:								
Equity holders of the parent (Group share)	450							
Non-controlling interests	0							

As at 31 December 2021

(EUR million)	Proximus Group				Underlying by segment			
	Reported (IFRS 16)	Lease depreciation and interest	Incidental	Underlying	Domestic	BICS	TeleSign	Eliminations
Net revenue	5,537	0	-1	5,537	4,333	997	326	-120
Other operating income	42	0	0	41	48	2	1	-10
Total income	5,579	0	-1	5,578	4,381	999	327	-130
Costs of materials and services related to revenue	-1,997	-2	0	-1,999	-1,095	-772	-248	115
Direct margin	3,582	-2	-1	3,579	3,286	227	79	-14
Workforce expenses	-1,200	0	9	-1,191	-1,076	-75	-42	3
Non workforce expenses	-554	-80	18	-616	-556	-51	-20	12
Total other operating expenses	-1,754	-80	26	-1,807	-1,633	-126	-63	14
Operating income before depreciation & amortization	1,828	-82	26	1,772	1,654	102	17	0
Depreciation and amortization	-1,183							
Operating income	645							
Net finance costs	-54							
Share of loss on associates	-10							
Income before taxes	581							
Tax expense	-137							
Net income	445							
Attributable to:								
Equity holders of the parent (Group share)	443							
Non-controlling interests	1							

6.10 Disaggregation of net revenue

As from 2022, some reporting changes have been implemented following the organizational steering of the company. Domestic revenue is now split into three reporting units being Residential, Business and Wholesale. The quarterly results of 2021 have been restated accordingly.

See reconciliation of the former Consumer, Enterprise and Wholesale revenue with the Residential, Business and Wholesale revenue of this year in section 7.1.

(EUR million)	As at 31 December		
	2021	2022	
Domestic			
Residential			
	Customer services revenues (X-play)	1,735	1,782
	Prepaid	44	41
	Terminals	228	231
	Luxembourg Telco	125	131
	Other	56	56
	<i>Total Residential</i>	<i>2,187</i>	<i>2,241</i>
Business			
	Services	1,597	1,587
	Products	236	272
	Luxembourg Telco	24	27
	<i>Total Business</i>	<i>1,858</i>	<i>1,887</i>
Wholesale			
	Fixed & Mobile wholesale services	120	140
	Interconnect	164	140
	<i>Total Wholesale</i>	<i>284</i>	<i>280</i>
Other		4	9
Total Domestic	4,333	4,416	
BICS	997	1,130	
TeleSign	326	473	
Eliminations	-120	-166	
Total Net Revenue	5,537	5,853	

6.11 Group financing activities related to interest-bearing liabilities

(EUR million)	As at 31 December 2021	Cash flows issuance	Cash flows repayments	Non-cash changes	As at 31 December 2022
Non-current					
Unsubordinated debts	2,337	0	0	-97	2,239
Credit institutions	401	0	-1	0	400
Other loans	0	54	-17	0	37
Derivatives held for trading	3	0	0	-2	1
Current portion of amounts payable > one year					
Unsubordinated debentures	0	0	0	100	100
Credit institutions held to maturity	1	0	0	0	1
Other current interest bearing liabilities					
Credit institutions	150	0	-150	0	0
Unsubordinated debts	100	477	-100	0	477
Other loans	1	12	-3	0	10
Total liabilities from financing activities excluding lease liabilities	2,992	543	-270	1	3,265
Lease liabilities current and non-current	273	0	-89	87	272
Total liabilities from financing activities including lease liabilities	3,265	543	-359	88	3,536

(EUR million)	As at 31 December 2020	Cash flows issuance	Cash flows repayments	Non-cash changes	As at 31 December 2021
Non-current					
Unsubordinated debentures	2,104	730	0	-498	2,337
Credit institutions	401	0	-1	0	401
Other loans	1	0	-1	0	0
Derivatives held for trading	4	0	0	-1	3
Current portion of amounts payable > one year					
Unsubordinated debentures	0	0	-500	500	0
Credit institutions held to maturity	1	0	0	0	1
Other current interest bearing liabilities					
Credit institutions	0	150	0	0	150
Unsubordinated debts	150	100	-150	0	100
Other loans	12	0	-11	0	1
Total liabilities from financing activities excluding lease liabilities	2,673	980	-663	1	2,992
Lease liabilities current and non current	284	0	-79	68	273
Total liabilities from financing activities including lease liabilities	2,957	980	-742	69	3,265

6.12 Financial instruments

Valuation techniques

The Group holds financial instruments classified in Level 1, 2 and 3. Compared to December 2021, no changes in the valuation techniques occurred. None of these instruments were reclassified from one level to another.

Fair value of financial assets

As of 31 December 2022 there is no substantial difference between the carrying amount of financial assets

Financial instruments measured at fair value

The fair value of the financial assets measured at fair value in Proximus consolidated balance sheet increased by EUR 204 million compared to their fair value as of December 2021. This increase is essentially due to the three interest rates hedges the Group entered in Q1 and Q4 2022, for which Proximus apply hedge accounting.

No significant changes in the fair value of the financial liabilities is to be reported.

6.13 Contingent liabilities and commitments

Compared to the 2021 consolidated financial statements, no significant change occurred in 2022 in the contingent liabilities and commitments other than those mentioned below:

Claim from the Indian tax authorities

BICS received withholding tax assessments from the Indian tax authorities in relation to payments made by an Indian tax resident customer to BICS in the period 1 April 2007 to 31 March 2017. BICS filed appeals against the assessments for the period 1 April 2007 to 31 March 2013, with the competent Indian Courts opposing the view of the Indian tax authorities that Indian withholding taxes are due on the payments. For the period 1 April 2013 to 31 March 2017, BICS initiated so-called dispute resolution panel procedures prior to filing appeals with the competent Indian Courts. Furthermore, BICS is opposing the assessments in relation to the period from 1 April 2008 to 31 March 2011 on procedural grounds. For The amount of the contingent liability, including late payment interest relating to this case should not exceed EUR 33 million. BICS has not paid the assessed amounts and has not recorded a tax provision. Management assesses that the position as recognized in the financial statements reflects the best estimate of the probable outcome.

Contingencies and commitments in relation with Joint-ventures and associates created for deploying fiber (Fiberklaar, Unifiber and Glasfaser Ostbelgien):

After the period of rollout, these entities are obliged to respect the net debt/EBITDA target ratios defined in their shareholders' agreements. Available cash must be used first to meet these targets before any distribution to shareholders.

Proximus has a contractual obligation to financially support these entities through the acquisition of a predefined volume of fiber connections for the areas already deployed. This will be done by the full migration of its customer base and the phasing out of its copper network within a few years after the completion of the fiber rollout.

All shares in Unifiber and Fiberklaar (held by Midco Unifiber and Midco Fiberklaar) are pledged to the banks as part of the financing arrangements obtained by Unifiber and Fiberklaar.

6.14 Post balance sheet events

There are no significant post balance sheet events.

6.15 Others

There has been no material change to the information disclosed in the 2021 annual consolidated financial statements in connection with related parties that would require disclosure under the Financial Reporting Framework.

7 Additional information

7.1 Reporting changes and remarks

Rounding

In general, all figures are rounded. Variances are calculated from the source data before rounding, and therefore some variances may not add up.

Reporting changes as of 2022

As of January 2022, some reporting changes have been implemented following the organizational steering of the company. The quarterly results of 2021 and 2020 have been restated accordingly and are published on the Proximus website.

The main change concerns the move of the entire Small Enterprise (SE) customer base from the former Consumer unit to the former Enterprise unit, impacting the revenue and operational data of both units, without affecting the total Domestic view. More concretely:

- Following an organizational change within the company, the Proximus **'Business'** unit **now also covers the SE customers (businesses with less than 10 employees)** in addition to the Medium Enterprises (ME) and the Corporate customer base of the former Enterprise unit.
- The revenue of the **'Business'** unit is **reported under a new structure**, better reflecting the company strategy. For the definitions of the new product groups: section 7.3.

Moreover, the **Business Mobile ARPU** does **no longer include the revenue generated by Mobile Network Services**, for which the generated revenue is independent from the number of mobile postpaid cards. The restated Mobile ARPU for the Business unit is hence affected by both the removal of Network Services revenue and the inclusion of SE customers in the Mobile base.

- The **new 'Residential'** unit reflects the former Consumer unit excluding SE customers.
- **Revenue from Mobile Vikings** is reported in the respective residential product groups:
- The **Mobile Vikings postpaid customers and related revenue is now part of the Residential Customer Services structure (X-Play)**, i.e. increasing the Mobile-only base as of June 2021. As a consequence of the integration of this Mobile-only customer base, the overall ARPC becomes lower. It also explains the year-on-year decrease in the overall ARPC and the Mobile only (Postpaid) ARPC for Q3'21 and Q4'21.
- The **Mobile Vikings Prepaid revenue** is included in the Residential Prepaid revenue category.
- Mobile Vikings revenue remaining in 'Other' is related to interconnect revenue.

7.2 From Reported to Underlying

GROUP - Adjustments								
(EUR million)	GROUP Revenue		GROUP EBITDA		GROUP Revenue		GROUP EBITDA	
	Q4 '21	Q4 '22	Q4 '21	Q4 '22	YTD '21	YTD '22	YTD '21	YTD '22
Reported	1,441	1,559*	425	419	5,579	5,914	1,828	1,826
Adjustments	0	-1	-16	-4	-1	-5	-56	-40
Underlying	1,441	1,558	409	415	5,578	5,909	1,772	1,786
Adjustments	0	-1	-16	-4	-1	-5	-56	-40
Lease Depreciations			-20	-22			-80	-83
Lease Interest				-1			-2	-2
Transformation			5	19			10	39
Acquisitions, mergers and disposals		-1	3		-1	-5	12	7
Litigation/regulation			-3	-1			3	-2

*Reported revenue refers to Total Income

7.3 Definitions

A2P: Application to Person messages

Adjusted Net Financial Position: refers to the total interest-bearing debt (short term + long term) minus short-term investments, cash and cash equivalents, including related derivatives and excluding lease liabilities

ARPC: Average underlying revenue per (residential) customer.

Adjusted Free Cash Flow: adjusted for M&A transactions related cash effects

Annualized full churn rate of X-play: a cancellation of a customer is only taken into account when the customer cancels all its plays.

ARPU: Average Revenue per Unit.

BICS: 100% subsidiary of Proximus. Global voice carrier and leading provider of mobile data services worldwide. Providing global mobile connectivity, seamless roaming experiences, fraud prevention and authentication, global messaging and the Internet of Things.

- **BICS legacy:** represents mainly voice services.
- **BICS core:** represents messaging, mobility (roaming, signaling & Mobile IP) and infrastructure services.
- **BICS growth:** represents cloud communication enablement, SIM for things (travel SIM & IOT services) and fraud services.

Business: unit addressing the professional market including Corporates, Medium and Small Enterprises (including businesses with less than 10 employees).

CapEx: this corresponds to the acquisitions of intangible assets and property, plant and equipment, excluding Right of Use assets (leasing).

Convergence rate: convergent residential customers taking both Fixed and Mobile services of Proximus. The convergence rate refers to the percentage of convergent customers on the total of multi-play customers.

Cost of Sales: the costs of materials and charges related to revenues.

Direct margin: the result of cost of sales subtracted from the revenues, expressed in absolute value or in % of revenues.

Direct OpEx: refers to billable OpEx, for example OpEx directly linked to revenues of a Business project.

Domestic: segment defined as the Proximus Group excluding BICS, Telesign and Eliminations.

EBITDA: Earnings Before Interest, Taxes, Depreciations and Amortization; corresponds to Revenue minus Cost of sales, workforce and non-workforce expenses.

Adjustments (Revenue/EBITDA):

- **The IFRS16 related reclass of lease depreciations and interests in the Operating Expenses.**
- **Transformation:** costs of employee transformation programs, the effect of settlements of post-employment benefit plans with impacts for the beneficiaries, or pre-identified material(*) one-shot projects (such as rebranding costs)
- **Acquisitions, mergers and disposals:** gains and losses on disposal of buildings or consolidated companies, M&A-related transaction costs, deferred M&A purchase price
- **Litigation/regulation:** Material (*) financial impacts of litigation files, fines and penalties and of law changes (one-off impacts relative to previous years)

(*) The materiality threshold is met when exceeding individually EUR 5 million. No threshold is used for adjustments in a subsequent quarter if the threshold was met in a previous quarter.

EBIT: Earnings Before Interest & Taxes, corresponds to EBITDA minus depreciations and amortizations.

Fixed Data Services (Business): Total revenues from Fixed Data, consisting of Broadband, Data Connectivity (including Explore solutions and SD-WAN) and TV.

Fixed Voice park: PSTN, ISDN and IP lines. For Business specifically, this also contains the number of Business Trunking lines (solution for the integration of Voice and Data traffic on one single Data network).

Fixed Voice Services (Business): Total revenues from Fixed Voice access lines and traffic, as well as fixed telephony systems installed at customer premise or serviced from the cloud.

Free Cash Flow: this is cash flow before financing activities, but after lease payments as from 2019.

Internet ARPU (Business): total Internet underlying revenue, excluding activation and installation fees, divided by the average number of Internet lines for the period considered, divided by the number of months in that same period.

Internet park: ADSL, VDSL and Fiber lines. For Residential, this also includes Scarlet and Mobile Vikings.

IT Services revenue (Business): Information Technology (IT) Services, including Managed, Integration and Consultative services, which enable users to access, store, transmit, and manipulate information, with the help of unified communications, computers, as well as necessary enterprise software, middleware, storage, and audio-visual systems. Proximus' IT solutions include, but are not limited to, Security, Cloud, Smart Network, Advanced Workplace and Smart Mobility solutions. It also includes recurring equipment sales to support these services.

IT Products revenue (Business): Revenues from one-shot IT products (boxes, hardware) or one-shot licenses, with the change of ownership towards the customer.

Mobile ARPU (Business): monthly ARPU is equal to total Mobile services revenues (excl. M2M & network services), divided by the average number of active cards for that period, divided by the number of months of that same period.

Mobile cards: refers to active Voice and Data cards, excluding free Data cards. Postpaid customers paying a monthly subscription are by default active. Prepaid customers are considered active when having made or received at least one call and/or sent or received at least one SMS message in the last three months. An M2M card is considered active if at least one Data connection has been made in the last month.

Mobile-only (Residential): Refers to Mobile Postpaid whereby no other recurring subscriptions are bought. Mobile Prepaid is not included in the Customer services revenue but reported separately.

Mobile Services revenue (Business): Total revenues from Mobile Services including traditional mobile services, using the mobile network connectivity, as well as IoT (including M2M) and Next Generation Communication (including network services as well as new innovative solutions).

Multi-play customer: two or more Plays, not necessarily in a Pack.

Net Financial Position: refers to the total interest-bearing debt (short term + long term) minus short-term investments, cash and cash equivalents, including related derivatives.

Network Services (Business): focuses on optimizing the interaction between Enterprise customers and its stakeholders, for which revenues are independent from the number of Postpaid cards.

Non-workforce expenses: all operating expenses excluding workforce expenses and excluding depreciation and amortization.

Net Revenue Retention rate (NRR): success indicator of the existing customer base, calculating the percentage of recurring revenue retained from existing customers compared to 12 months back.

Other Operating Income: this relates to income from, for example, reimbursements from damages, employees, insurances, gain on disposal, etc.

Luxembourg Telco: including fixed & mobile services, terminals & other

Play: a subscription to either Fixed Voice, Fixed Internet, dTV or Mobile Postpaid (paying Mobile cards). A 4-Play customer subscribes to all four services.

Reported revenues: this corresponds to the TOTAL INCOME.

Residential: unit addressing the residential market, including the Customer Operations Unit.

Revenue-Generating Unit (RGU): for example, a customer with Fixed Internet and 2 Mobile Postpaid cards is considered as a 2-Play customer with 3 RGUs.

Sales Booking: defined as the estimated monthly direct margin value of a won opportunity recorded within the CRM system. The nature of these bookings can vary between monthly recurring opportunities or short-term commercial opportunities.

Terminals: this corresponds to devices for Fixed Voice, Data, Mobile and related accessories. This excludes PABX, IT products and TV CPE.

Underlying: refers to revenue and EBITDA (Total Income and Operating Income before Depreciation and Amortization) corrected for the EBITDA Adjustments in order to properly assess the ongoing business performance.

Wholesale: unit addressing the telecom wholesale market including other telecom operators (incl. MVNOs) and ISPs.

Wholesale fixed & mobile services includes all solutions that Proximus offers to other operators. These services include fixed internet and data connectivity services, fixed telephony and mobile (incl. MVNO and Roaming) services (excl. Interconnect)

Wholesale Interconnect is the process of connecting an operator network with another operator network. This then allows the customers of one operator to communicate with the customers of another operator. Interconnect includes fix voice, mobile voice and mobile SMS/MMS services.

Workforce expenses: expenses related to own employees (personnel expenses and pensions) as well as to external employees.

X-Play: the sum of single play (1-play) and multi-play (2-play + 3-play + 4-play).

7.4 Management statement

The Proximus Executive Committee declares that, to the best of its knowledge, the interim condensed consolidated financial statements, established in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the EU, give a true and fair view of the assets, financial position and results of Proximus and of the entities included in the consolidation. The financial report gives an accurate overview of the information that needs to be disclosed. The Proximus leadership squad is represented by Guillaume Boutin, CEO, Mark Reid, Finance Lead, Anne-Sophie Lotgering, Business Market lead, Jim Castele, Residential Market Lead, Geert Standaert, Network and Wholesale Lead, Antonietta Mastroianni, Digital & IT Lead, Renaud Tilmans, Customer Operations Lead, Jan Van Acoleyen, Human Capital Lead, and Dirk Lybaert, Corporate Affairs Lead.

7.5 Financial calendar

(dates could be subject to change)

17 February 2023	Announcement Q4 2022 results
12 April 2023	Start of quiet period ahead of Q1 2023 results
19 April 2023	Annual general shareholders meeting (AGM)
28 April 2023	Announcement Q1 2023 results
12 July 2023	Start of quiet period ahead of Q2 2023 results
28 July 2023	Announcement Q2 2023 results
11 October 2023	Start of quiet period ahead of Q3 2023 results
27 October 2023	Announcement Q3 2023 results

7.6 Contact details

Investor Relations

Nancy Goossens +32 2 202 82 41
Adrien Peillon +32 471 48 16 20
investor.relations@proximus.com
www.proximus.com/en/investors

7.7 Investor and Analyst Webcast

Proximus will host a webcast for investors and analysts on Friday, 17 February 2023.
Time 02.00pm Brussels – 01.00pm London – 08.00am New York

Follow the webcast and register to ask questions in the Q&A session:

<https://www.proximus.com/investors/reports-and-results.html>
